



Ventersdorp Local Municipality  
Annual Financial Statements  
for the year ended 30 June 2013

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## General Information

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<b>Legal form of entity</b>	Local Municipality
<b>Nature of business and principal activities</b>	Providing municipal services
<b>Mayoral committee</b>	
Mayor	Cllr Phoyane CN
Councillors	Cllr Matome JM Cllr Motshabi T Cllr Motladiile JM Cllr Matinyane M Cllr Mjuleni MJ Cllr Qankase VW Cllr Moabi SN Cllr Matinyane WM Cllr Links JL Cllr Mogwata C Cllr Jones A
<b>Grading of local authority</b>	Five(5)
<b>Accounting Officer</b>	BJ Makade Municipal Manager
<b>Chief Finance Officer (CFO)</b>	MI Moruti
<b>Registered office</b>	No.1 Van Tonder Crescent Ventersdorp 2710
<b>Business address</b>	No.1 Van Tonder Crescent Ventersdorp 2710
<b>Postal address</b>	Private Bag X 1010 Ventersdorp 2710
<b>Bankers</b>	ABSA Bank Limited
<b>Auditors</b>	The Office of the Auditor General 124 Kock Street Rustenburg 0030
<b>Attorneys</b>	Claassens van Niekerk Inc. DE Swardt, Vogel, Myambo Lourens Bezuidenhout Inc. Motalatsi Seleke Van Rensburg

# Ventersdorp Local Municipality

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## General Information

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### Enabling legislation

Local Government: Municipal Finance Management Act (Act 56 of 2003)

Local Government: Municipal Systems Act (Act 32 of 2000)

Local Government: Municipal Structures Act (Act 117 of 1998)

Municipal Property Rates Act (Act 6 of 2004)

Division of Revenue Act (Act 5 of 2012)

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### Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSIG	Municipal Systems Improvement Grant
DWA	Department of Water Affairs
FMG	Financial Management Grant
NWPLG	North West Provincial Local Government
PMU	Project Management Unit

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Officer's Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2014 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The accounting officer is primarily responsible for the financial affairs of the municipality.

The annual financial statements set out on pages 6 to 80, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2013 and were signed on its behalf by:

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**Accounting Officer**  
**BJ Makade - Municipal Manager**

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Officer's Report

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The accounting officer submits his report for the year ended 30 June 2013.

### 1. Review of activities

#### Main business and operations

The municipality is engaged in providing municipal services and operates principally in the North West Province in South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

### 2. Going concern

We draw attention to the fact that at 30 June 2013, the municipality had accumulated surplus of 240,351,987 and that the municipality's total assets exceed its liabilities by 240,508,301.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

### 3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

### 4. Accounting Officer's interest in contracts

None.

### 5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report was: Mr BJ Makade - Municipal Manager.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Statement of Financial Position as at 30 June 2013

Figures in Rand	Note(s)	2013	Restated 2012
<b>Assets</b>			
Current Assets			
Inventories	3	19,362,517	19,310,092
Receivables from exchange transactions	5	742,502	697,583
Receivables from non-exchange transactions	6	10,206,338	4,198,748
VAT receivable	7	8,212,564	4,614,330
Consumer debtors	8	24,309,674	13,658,621
Cash and cash equivalents	9	10,710,804	15,585,478
		<b>73,544,399</b>	<b>58,064,852</b>
Non-Current Assets			
Investment property	10	15,445,866	15,445,866
Property, plant and equipment	11	269,436,118	229,070,739
Other financial assets	4	180,297	158,749
		<b>285,062,281</b>	<b>244,675,354</b>
<b>Total Assets</b>		<b>358,606,680</b>	<b>302,740,206</b>
<b>Liabilities</b>			
Current Liabilities			
Other financial liabilities	14	16,275,571	16,989,409
Payables from exchange transactions	15	69,274,847	53,862,274
Consumer deposits	16	1,111,765	1,033,968
Unspent conditional grants and receipts	17	20,139,871	18,264,445
		<b>106,802,054</b>	<b>90,150,096</b>
Non-Current Liabilities			
Other financial liabilities	14	2,605,243	2,688,793
Retirement benefit obligation	12	3,915,863	3,535,545
Provisions	18	4,775,219	4,359,475
		<b>11,296,325</b>	<b>10,583,813</b>
<b>Total Liabilities</b>		<b>118,098,379</b>	<b>100,733,909</b>
<b>Net Assets</b>		<b>240,508,301</b>	<b>202,006,297</b>
Reserves			
Housing Development Funds	13	156,314	157,188
Accumulated surplus		240,351,987	201,849,109
<b>Total Net Assets</b>		<b>240,508,301</b>	<b>202,006,297</b>



# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Statement of Financial Performance

Figures in Rand	Note(s)	2013	Restated 2012
<b>Revenue</b>			
Service charges	21	41,357,157	35,687,041
Rental of facilities and equipment		64,580	78,661
Licences and permits		2,440,287	2,001,272
Other income	23	901,460	1,621,006
Interest received - investment		738,945	311,747
Fines		3,176,973	4,367,578
Property rates	20	5,621,153	4,520,091
Government grants & subsidies	22	86,722,454	61,364,478
<b>Total revenue</b>		<b>141,023,009</b>	<b>109,951,874</b>
<b>Expenditure</b>			
Personnel	25	(31,609,035)	(26,627,135)
Remuneration of councillors	26	(2,734,666)	(2,648,329)
Increase/(decrease) in provisions	27	(1,638,897)	(3,207,035)
Depreciation and amortisation	28	(20,198,139)	(5,362,744)
Finance costs	29	(3,807,575)	(4,181,468)
Provision - bad debts	30	2,442,586	322,779
Repairs and maintenance		(4,249,964)	(3,118,829)
Bulk purchases	32	(34,046,399)	(28,198,910)
Contracted services	31	(3,982,286)	(6,690,334)
General Expenses	33	(23,546,644)	(18,262,706)
<b>Total expenditure</b>		<b>(123,371,019)</b>	<b>(97,974,711)</b>
<b>Operating surplus</b>		<b>17,651,990</b>	<b>11,977,163</b>
Fair value adjustments		22,416	22,948
<b>Surplus for the year</b>		<b>17,674,406</b>	<b>12,000,111</b>

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Statement of Changes in Net Assets

Figures in Rand	Housing Development Fund	Accumulated surplus	Total net assets
Opening balance as previously reported	149,152	46,918,958	47,068,110
Adjustments			
Prior year adjustments	-	149,878,218	149,878,218
<b>Balance at 01 July 2011 as restated</b>	<b>149,152</b>	<b>196,797,176</b>	<b>196,946,328</b>
Changes in net assets			
Other movements	-	350,632	350,632
Corrections and adjustments	-	(7,298,810)	(7,298,810)
Net income (losses) recognised directly in net assets	-	(6,948,178)	(6,948,178)
Surplus for the year	-	12,000,111	12,000,111
Total recognised income and expenses for the year	-	5,051,933	5,051,933
Expenses recognised directly against reserve	8,036	-	8,036
Total changes	8,036	5,051,933	5,059,969
<b>Balance at 01 July 2012 as restated</b>	<b>157,188</b>	<b>201,849,109</b>	<b>202,006,297</b>
Changes in net assets			
GRAP 17 Compliant Asset Register adjustments	-	20,828,472	20,828,472
Net income (losses) recognised directly in net assets	-	20,828,472	20,828,472
Surplus for the year	-	17,674,406	17,674,406
Total recognised income and expenses for the year	-	38,502,878	38,502,878
Expenses recognised directly against reserve	(874)	-	(874)
Total changes	(874)	38,502,878	38,502,004
<b>Balance at 30 June 2013</b>	<b>156,314</b>	<b>240,351,987</b>	<b>240,508,301</b>
Note(s)	13		

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Cash Flow Statement

Figures in Rand	Note(s)	2013	Restated 2012
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Cash receipts from customers		33,259,814	36,829,580
Grants		86,722,454	61,364,478
Interest income		738,945	311,748
		<u>120,721,213</u>	<u>98,505,806</u>
<b>Payments</b>			
Employee costs		(34,343,701)	(29,275,464)
Suppliers		(26,084,573)	(29,680,808)
Finance costs		(3,807,575)	(4,181,468)
		<u>(64,235,849)</u>	<u>(63,137,740)</u>
<b>Net cash flows from operating activities</b>	35	<b><u>56,485,364</u></b>	<b><u>35,368,066</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(60,563,518)	(20,802,092)
Proceeds from sale of financial assets		868	-
<b>Net cash flows from investing activities</b>		<b><u>(60,562,650)</u></b>	<b><u>(20,802,092)</u></b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(797,388)	(767,121)
Finance lease payments		-	(1,166,344)
<b>Net cash flows from financing activities</b>		<b><u>(797,388)</u></b>	<b><u>(1,933,465)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>(4,874,674)</u></b>	<b><u>12,632,509</u></b>
Cash and cash equivalents at the beginning of the year		15,585,478	2,952,969
<b>Cash and cash equivalents at the end of the year</b>	9	<b><u>10,710,804</u></b>	<b><u>15,585,478</u></b>

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## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	39,424,489	981,850	<b>40,406,339</b>	41,357,157	<b>950,818</b>	
Rental of facilities and equipment	30,000	-	<b>30,000</b>	64,580	<b>34,580</b>	
Licences and permits	1,800,000	(450,000)	<b>1,350,000</b>	2,440,287	<b>1,090,287</b>	
Other income - (rollup)	431,500	15,000	<b>446,500</b>	901,460	<b>454,960</b>	
Interest received - investment	190,000	100,000	<b>290,000</b>	738,945	<b>448,945</b>	
<b>Total revenue from exchange transactions</b>	<b>41,875,989</b>	<b>646,850</b>	<b>42,522,839</b>	<b>45,502,429</b>	<b>2,979,590</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Fines	6,500,500	(2,000,000)	<b>4,500,500</b>	3,176,973	<b>(1,323,527)</b>	
Property rates	4,800,000	120,000	<b>4,920,000</b>	5,621,153	<b>701,153</b>	
Government grants & subsidies	50,704,850	(1,000)	<b>50,703,850</b>	86,722,454	<b>36,018,604</b>	
<b>Total revenue from non-exchange transactions</b>	<b>62,005,350</b>	<b>(1,881,000)</b>	<b>60,124,350</b>	<b>95,520,580</b>	<b>35,396,230</b>	
<b>Total revenue</b>	<b>103,881,339</b>	<b>(1,234,150)</b>	<b>102,647,189</b>	<b>141,023,009</b>	<b>38,375,820</b>	
<b>Expenditure</b>						
Personnel	(38,048,307)	3,660,400	<b>(34,387,907)</b>	(31,609,035)	<b>2,778,872</b>	
Remuneration of councillors	(3,079,480)	-	<b>(3,079,480)</b>	(2,734,666)	<b>344,814</b>	
Administration	(373,000)	-	<b>(373,000)</b>	(1,638,897)	<b>(1,265,897)</b>	
Depreciation and amortisation	(3,600,000)	1,000,000	<b>(2,600,000)</b>	(20,198,139)	<b>(17,598,139)</b>	
Finance costs	(2,015,000)	1,835,000	<b>(180,000)</b>	(3,807,575)	<b>(3,627,575)</b>	
Debt impairment	(5,500,000)	1,000,000	<b>(4,500,000)</b>	2,442,586	<b>6,942,586</b>	
Repairs and maintenance	(6,325,000)	578,500	<b>(5,746,500)</b>	(4,249,964)	<b>1,496,536</b>	
Bulk purchases	(24,000,000)	(1,000,000)	<b>(25,000,000)</b>	(34,046,399)	<b>(9,046,399)</b>	
Contracted Services	(7,830,000)	1,800,000	<b>(6,030,000)</b>	(3,982,286)	<b>2,047,714</b>	
General Expenses	(19,883,850)	2,511,500	<b>(17,372,350)</b>	(23,546,644)	<b>(6,174,294)</b>	
<b>Total expenditure</b>	<b>(110,654,637)</b>	<b>11,385,400</b>	<b>(99,269,237)</b>	<b>(123,371,019)</b>	<b>(24,101,782)</b>	
<b>Operating surplus</b>	<b>(6,773,298)</b>	<b>10,201,250</b>	<b>3,427,952</b>	<b>17,651,990</b>	<b>14,224,038</b>	
Fair value adjustments	-	-	-	22,416	<b>22,416</b>	
<b>Surplus before taxation</b>	<b>(6,773,298)</b>	<b>10,201,250</b>	<b>3,427,952</b>	<b>17,674,406</b>	<b>14,246,454</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(6,773,298)</b>	<b>10,201,250</b>	<b>3,427,952</b>	<b>17,674,406</b>	<b>14,246,454</b>	

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

#### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Trade receivables and/or loans and receivables

The municipality assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

##### Allowance for slow moving, damaged and obsolete stock

An allowance is made for slow-moving, damaged and obsolete inventory to write inventory down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the statement of financial performance.

##### Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

Provisions are measured using management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to the present value where the effect is material.

##### Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.1 Significant judgements and sources of estimation uncertainty (continued)

#### Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 12.

#### Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

### 1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.2 Investment property (continued)

#### Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measure that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity apply the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

### 1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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### 1.3 Property, plant and equipment (continued)

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	
• Buildings	25-30 years
• Improvements	25-30 years
• Recreational facilities	20-30 years
Infrastructure	
• Roads and paving	30 years
• Pedestrian malls	15-30 years
• Electricity	20-30 years
• Water resevoirs	15-20 years
• Sewerage pump stations	15-40 years
• Housing	25-30 years
Other property, plant and equipment	
• Specialist vehicles	5-10 years
• Other vehicles	4-7 years
• Office equipment	3-7 years
• Furniture and fittings	7-10 years
• Bins and containers	5 years
• Specialized plant and equipment	10-15 years
• Other plant and equipment	2-5 years
• Landfill sites	15 years
• Lease hold property	3-5 years
• Security	3-5 years

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.



# Ventersdorp Local Municipality

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### 1.3 Property, plant and equipment (continued)

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

### 1.4 Financial instruments

#### Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

#### Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

#### Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses. Amortised cost refers to the initial carrying amount, plus interest and less repayments.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Consumer deposits are subsequently recorded in accordance with the accounting policy of trade and other payables.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### Fair value determination

Fair value information for trade and other receivables is determined as the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The fair values of quoted investments are based on current bid prices.

If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

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### 1.4 Financial instruments (continued)

#### Impairment of financial assets

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

#### Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncorrectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

#### Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

#### Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.4 Financial instruments (continued)

#### Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on an available-for-sale financial asset is recognised directly in net assets, through the statement of changes in net assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in net assets is recognised in surplus or deficit; and
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

#### Impairment of financial assets

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

### 1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

# Ventersdorp Local Municipality

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## Accounting Policies

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### 1.5 Leases (continued)

#### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### 1.6 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.7 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or

# Ventersdorp Local Municipality

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## Accounting Policies

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### 1.7 Impairment of cash-generating assets (continued)

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

#### Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

#### Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

## Accounting Policies

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### 1.7 Impairment of cash-generating assets (continued)

#### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

## Accounting Policies

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### 1.7 Impairment of cash-generating assets (continued)

#### Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.8 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Useful life is either:

- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

#### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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### 1.8 Impairment of non-cash-generating assets (continued)

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

#### Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.



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## Accounting Policies

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### 1.8 Impairment of non-cash-generating assets (continued)

#### Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.9 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past service or performance and the obligation can be estimated reliably.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the entity expects to pay in exchange for that service and had accumulated at the reporting date.

#### Defined contribution plans

The municipalities contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in surplus or deficit in the period in which the service is rendered by the relevant employees, unless another standard requires or permits the inclusion of the contribution in the cost of an asset. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed or state plans retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

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### 1.9 Employee benefits (continued)

#### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

Actuarial gains and losses are recognised in the statement of financial performance in the period that they occur.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs.

Actuarial assumptions are included in the note of defined benefit obligation plan..

### 1.10 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.10 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 37.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

### 1.11 Revenue from exchange transactions

Revenue consists primarily of grants from National- and Provincial Government, services charges, rentals, interest received and other services rendered.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.11 Revenue from exchange transactions (continued)

When considering the probability of the future economic benefits that will flow to the entity, consideration is given to the requirements as outlined in IGRAP 1.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Rendering of services consist out of solid waste, sanitation, sewerage and water.

#### Interest

Revenue arising from the use by others of entity assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

### 1.12 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

When considering the probability of the future economic benefits that will flow to the entity, consideration is given to the requirements as outlined in IGRAP 1.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.12 Revenue from non-exchange transactions (continued)

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

#### Fines

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. The revenue from fines is recognised by the municipality on a cash basis as there is a uncertainty regarding the probability of the flow of economic benefits or service potential in respect of fines as these fines are usually not given directly to an offender.

#### Levies

Levies are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:

- the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
- internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers;
- historical information on declarations previously submitted by defaulting levy payers; and
- the accuracy of the database of levy payers as well as the frequency by which it is updated for changes.

Changes to estimates made when more reliable information becomes available are processed as an adjustment to levies revenue.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.12 Revenue from non-exchange transactions (continued)

#### Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Conditions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no conditions on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

#### Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

Where there are no conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

#### Services in-kind

Services in-kind are services provided by individuals to the municipality in a non-exchange transaction. These services meet the definition of an asset because the entity controls a resource from which future economic benefits or service potential is expected to flow to the entity. These assets are, however, immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind.

The municipality may be a recipient of services in-kind under voluntary or non-voluntary schemes operated in the public interest, for example:

- (a) technical assistance from other governments or international organisations;
- (b) local governments may receive the services of volunteer fire fighters.

Due to the many uncertainties surrounding services in-kind, including the ability to exercise control over the services, and measuring the fair value of the services, the municipality did not recognise any services in-kind however the services in-kind will be disclosed in the notes to the financial statements.

The disclosures will assist users to make informed judgements about the contribution made by such services to the achievement of the entity's objectives during the reporting period, and the entity's dependence on such services for the achievement of its objectives in the future.

### 1.13 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.14 Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.15 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.16 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.18 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008), in the absence of guidelines in terms of Municipal Finance Management Act (Act No. 56 of 2003):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.19 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

### 1.20 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

### 1.21 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

### 1.22 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

### 1.23 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

### 1.24 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

### 1.25 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisation's (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget covers the fiscal period from 01/07/2012 to 30/06/2013.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

### 1.26 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.



# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Accounting Policies

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### 1.26 Related parties (continued)

Related party disclosures for transactions between government entities that took place on terms and conditions that are considered to be at arms length and in the ordinary course of business are not disclosed in accordance with IPSAS 20 Related Party Disclosure.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. We regard all individuals from the level of Accounting Officer and Council members as well as managers and directors reporting directly to the municipal manager as key management per the definition of the financial reporting standard.

Close family members of key management personnel are considered to be those family members who may be expected to influence, or to be influenced by key management individuals, in their dealings with the entity.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 21: Impairment of Non-cash-generating assets	01 April 2012	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 23: Revenue from Non-exchange Transactions	01 April 2012	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 24: Presentation of Budget Information in the Financial Statements	01 April 2012	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 25: Employee Benefits	01 April 2012	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 26: Impairment of Cash-generated assets	01 April 2012	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 1(As revised 2012): Presentation of Financial Statements	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 3 (As revised 2012): Accounting Policies, Change in Accounting Estimates and Errors	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 7 (As revised 2012): Investments in Associates	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

GRAP 9 (As revised 2012): Revenue from Exchange Transactions	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 12 (As revised 2012): Inventories	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 13 (As revised 2012): Leases	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 16 (As revised 2012): Investment Property	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
Grap 17 (As revised 2012): Property, Plant and Equipment	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 31 (As revised 2012): Intangible Assets (Replaces GRAP 102)	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 104: Financial Instruments	01 April 2012	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
IGRAP1 (As revised 2012): Applying the probability test on initial recognition of revenue	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
IGRAP 16: Intangible assets website costs	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

#### 2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2013 or later periods:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
GRAP 18: Segment Reporting	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 20: Related Parties	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

#### 2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2013 or later periods but are not relevant to its operations:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
GRAP 6 (As revised 2010): Consolidated and Separate Financial Statements	01 April 2014	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 8 (As revised 2010): Interests in Joint Ventures	01 April 2014	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 27 (As revised 2012): Agriculture (Replaces GRAP 101)	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 103: Heritage Assets	01 April 2012	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 105: Transfers of functions between entities under common control	01 April 2014	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

GRAP 106: Transfers of functions between entities not under common control	01 April 2014	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 107: Mergers	01 April 2014	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
IGRAP 11: Consolidation – Special purpose entities	01 April 2014	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2014	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 3. Inventories

Consumable stores	605,216	551,020
Water	1,168	2,939
Unsold Properties Held for Resale	18,756,133	18,756,133
	<b>19,362,517</b>	<b>19,310,092</b>

Consumable inventories recognised as an expense during the year	677,157	604,316
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### Inventory pledged as security

No inventory was pledged as security for any financial liability.

### 4. Other financial assets

#### Designated at fair value

Listed shares	52,948	15,801
Old Mutual - Investment Plan	127,349	142,948
	<b>180,297</b>	<b>158,749</b>

#### Non-current assets

Designated at fair value	180,297	158,749
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### Financial assets at fair value

Available-for-sale financial assets are recognised at fair value, unless they are unlisted equity instruments and the fair value cannot be determined using other means, in which case they are measured at cost. Fair value information was provided for these financial assets.

The following classes of available-for-sale financial assets are measured to fair value using quoted market prices:

Class 1 - Listed shares	52,948	44,091
Details of Listed Shares:		
Sanlam - 778 shares		
Senwes Ltd - 977 shares		
Senwes Bel Ltd - 1497 shares		
Class 2 - Old Mutual - Investment Plan	127,349	114,658
	<b>180,297</b>	<b>158,749</b>

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### Fair value hierarchy of financial assets at fair value

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.  
Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).  
Level 3 applies inputs which are not based on observable market data.

#### Level 1

Class 1 - Listed Shares	52,948	44,091
Class 2 - Old Mutual	127,349	114,658
	<b>180,297</b>	<b>158,749</b>

### Renegotiated terms

None of the financial assets that are fully performing have been renegotiated in the last year.

### 5. Receivables from exchange transactions

Contour: Pre paid Sales (Vendors)	742,502	600,562
Conlog Prepaid Meters	-	97,021
	<b>742,502</b>	<b>697,583</b>

### Receivables from exchange transactions pledged as security

None of the receivables from exchange transactions were pledged as security for any financial liability.

### Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

### 6. Receivables from non-exchange transactions

Grants not received (SDM for health salaries)	294,586	294,586
Eskom Deposits	2,980,158	1,096,776
EPWP funded by Kenneth Kaunda District Municipality	442,583	-
TMT suspense	-	31,750
Other	28,613	220,663
Rates	7,015,266	2,842,542
Discounting of Debtors – Property Rates	(554,868)	(287,569)
	<b>10,206,338</b>	<b>4,198,748</b>

### Receivables from non-exchange transactions pledged as security

None of the receivables from non-exchange transactions were pledged as security for any financial liability.

### Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 6. Receivables from non-exchange transactions (continued)

#### Rates - Ageing

Current (0 - 30 days)	456,713	359,527
31 - 60 days	329,398	227,530
61 - 90 days	304,312	211,655
> 90 days	5,924,843	3,603,436
	<b>7,015,266</b>	<b>4,402,148</b>

#### Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance of impairment	(1,559,606)	(1,941,749)
Reversal of allowance	1,559,606	382,143
	<b>-</b>	<b>(1,559,606)</b>

### 7. VAT receivable

VAT	8,212,564	4,614,330
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The Municipality is registered on the cash basis for VAT purposes. This means that VAT is only paid once cash is received or actual payments are made.

### 8. Consumer debtors

#### Gross balances

Electricity	12,551,135	9,679,220
Water	4,832,037	3,589,030
Sewerage	7,135,234	4,701,803
Refuse	4,969,726	3,245,800
Debtors interest	5,079	8,896
Other	2,071	2,071
Sundry debtors	7,345,522	5,355,043
Discounting of Debtors – Service Charges	(2,292,940)	(1,708,970)
	<b>34,547,864</b>	<b>24,872,893</b>

#### Less: Allowance for impairment

Electricity	(3,488,201)	(4,106,898)
Water	(1,342,916)	(1,526,381)
Sewerage	(1,983,018)	(2,000,289)
Refuse	(1,381,182)	(1,388,426)
Business service levies	(2,292,940)	(1,708,970)
Debtors interest	(1,412)	(3,320)
Sundry debtors	(2,041,461)	(2,188,958)
	<b>(12,531,130)</b>	<b>(12,923,242)</b>



# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
<b>8. Consumer debtors (continued)</b>		
<b>Net balance</b>		
Electricity	9,062,934	5,572,322
Water	3,489,121	2,062,649
Sewerage	5,152,216	2,701,514
Refuse	3,588,544	1,857,374
Debtors interest	3,667	5,576
Other	2,071	2,071
Sundry debtors	5,304,061	3,166,085
Discounting of Debtors – Service Charges	(2,292,940)	(1,708,970)
	<b>24,309,674</b>	<b>13,658,621</b>
<b>Electricity</b>		
Current (0 -30 days)	2,426,835	1,676,429
31 - 60 days	1,022,962	661,809
61 - 90 days	535,778	539,377
> 90 days	8,565,560	6,801,605
	<b>12,551,135</b>	<b>9,679,220</b>
<b>Water</b>		
Current (0 -30 days)	197,681	218,497
31 - 60 days	150,031	143,906
61 - 90 days	149,218	113,630
> 90 days	4,335,107	3,112,997
	<b>4,832,037</b>	<b>3,589,030</b>
<b>Sewerage</b>		
Current (0 -30 days)	384,948	263,947
31 - 60 days	324,125	171,491
61 - 90 days	304,143	155,114
> 90 days	6,122,018	4,111,251
	<b>7,135,234</b>	<b>4,701,803</b>
<b>Refuse</b>		
Current (0 -30 days)	257,754	142,016
31 - 60 days	220,199	107,711
61 - 90 days	204,294	100,270
> 90 days	4,287,479	2,895,803
	<b>4,969,726</b>	<b>3,245,800</b>
<b>Debtors interest</b>		
31 - 60 days	-	3,406
> 90 days	5,079	5,490
	<b>5,079</b>	<b>8,896</b>
<b>Other</b>		
> 90 days	2,071	2,071

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
<b>8. Consumer debtors (continued)</b>		
<b>Sundry debtors</b>		
Current (0 -30 days)	77,573	5,281
31 - 60 days	2,134	8,420
61 - 90 days	1,443	4,438
> 90 days	7,264,372	5,336,904
	<b>7,345,522</b>	<b>5,355,043</b>
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	1,459,970	1,163,945
31 - 60 days	1,149,855	676,950
61 - 90 days	867,570	518,325
> 90 days	24,130,223	16,803,738
	<b>27,607,618</b>	<b>19,162,958</b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	1,235,583	1,008,172
31 - 60 days	331,645	309,091
61 - 90 days	226,191	337,385
> 90 days	4,613,705	3,949,645
	<b>6,407,124</b>	<b>5,604,293</b>
<b>National and provincial government</b>		
Current (0 -30 days)	661,080	139,000
31 - 60 days	239,083	110,701
61 - 90 days	101,865	57,725
> 90 days	1,824,034	1,507,186
	<b>2,826,062</b>	<b>1,814,612</b>
<b>Total</b>		
Current (0 -30 days)	3,356,633	2,311,117
31 - 60 days	1,720,583	1,096,742
61 - 90 days	1,195,626	913,435
> 90 days	30,567,962	22,260,569
	36,840,804	26,581,863
Less: Allowance for impairment	(10,238,190)	(11,214,272)
Less: Discounting of Debtors - Service Charges	(2,292,940)	(1,708,970)
	<b>24,309,674</b>	<b>13,658,621</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(11,214,272)	(21,883,389)
Contributions to allowance	-	(59,365)
Debt impairment written off against allowance	-	10,728,482
Reversal of allowance	976,082	-
	<b>(10,238,190)</b>	<b>(11,214,272)</b>

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 8. Consumer debtors (continued)

#### Consumer debtors pledged as security

None of the debtors were pledged as security for any financial liability.

None of the financial assets that are fully performing have been renegotiated in the last year.

#### Interest on consumer accounts

No interest is charged / levied on arrear consumer (debtors) accounts.

#### Reclassification

Please refer to note 40 for the reclassification of other debtors.

#### Consumer debtors impaired

As of 30 June 2013, consumer debtors of 10,238,190 (2012: 11,214,272) were impaired and provided for.

### 9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3,840	3,840
Bank balances	545,715	1,652,858
Short-term deposits	10,161,249	13,928,780
	<b>10,710,804</b>	<b>15,585,478</b>

Additional disclosure:

There is a deposit account called "DIE PERDBEELD PROJEK" at ABSA with account number 20-2433-0721. It is not disclosed in this Annual Financial Statements figures as the bank could not provide copies of original signatories at the opening of the account. It is however believed that Council has full control over the funds as statements are sent to the Council's postal address. Balance R47,068 (2012: R46,703)

#### Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings, if available.

#### Credit Rating

F1+	10,706,964	15,581,638
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#### Short term deposits

Short term fixed deposits consists of::

ABSA - Call Account (90-5547-5784)	1,875,234	1,262,427
ABSA - Deposit Account (3434-9789)	2,491,058	436,254
ABSA - Savings Account (80-7437-5155)	5,794,957	12,230,099
	<b>10,161,249</b>	<b>13,928,780</b>

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

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### 9. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2013	30 June 2012	30 June 2011	30 June 2013	30 June 2012	30 June 2011
ABSA BANK, Ventersdorp branch - Primary Account - Account number 22-5000-0017	384,912	1,284,301	490,193	(1,066,069)	(133,250)	(1,394,857)
ABSA BANK, Ventersdorp branch - TMT Account - Account number 91-1105-1672	4,489	211,369	34,226	4,489	211,369	34,226
ABSA BANK, Ventersdorp branch - Housing Development Account - Account number 40-6038-4282	156,314	157,188	163,534	156,314	157,188	163,534
<b>Total</b>	<b>545,715</b>	<b>1,652,858</b>	<b>687,953</b>	<b>(905,266)</b>	<b>235,307</b>	<b>(1,197,097)</b>

### 10. Investment property

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	15,445,866	-	15,445,866	15,445,866	-	15,445,866

#### Reconciliation of investment property - 2013

	Opening balance	Total
Investment property	15,445,866	15,445,866

#### Reconciliation of investment property - 2012

	Opening balance	Correction of error	Total
Investment property	2,350,519	13,095,347	15,445,866

#### Pledged as security

No investment property was pledged as security for any financial liability.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

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### 11. Property, plant and equipment

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and Buildings	20,511,300	(6,170,391)	14,340,909	20,511,300	(5,773,930)	14,737,370
Infrastructure	430,156,890	(184,503,486)	245,653,404	371,587,857	(166,804,962)	204,782,895
Other property, plant and equipment	16,880,259	(7,438,454)	9,441,805	14,885,760	(5,335,286)	9,550,474
<b>Total</b>	<b>467,548,449</b>	<b>(198,112,331)</b>	<b>269,436,118</b>	<b>406,984,917</b>	<b>(177,914,178)</b>	<b>229,070,739</b>

#### Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Additions - Work In Progress	Depreciation	Total
Land and Buildings	14,737,370	-	-	(396,461)	14,340,909
Infrastructure	204,782,895	-	58,569,018	(17,698,509)	245,653,404
Other property, plant and equipment	9,550,474	1,994,500	-	(2,103,169)	9,441,805
	<b>229,070,739</b>	<b>1,994,500</b>	<b>58,569,018</b>	<b>(20,198,139)</b>	<b>269,436,118</b>

#### Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Transfers	Correction of error	Depreciation	Total
Land and Buildings	11,974,072	868,307	-	2,252,427	(357,436)	14,737,370
Infrastructure	63,570,013	17,912,185	13,783,499	112,031,323	(2,514,125)	204,782,895
Community	14,325,641	-	(13,783,499)	-	(542,142)	-
Other property, plant and equipment	6,902,515	2,021,600	1,332	1,531,614	(906,587)	9,550,474
Artwork	1,332	-	(1,332)	-	-	-
Finance leased asset	1,042,473	-	-	-	(1,042,473)	-
	<b>97,816,046</b>	<b>20,802,092</b>	<b>-</b>	<b>115,815,364</b>	<b>(5,362,763)</b>	<b>229,070,739</b>

#### Pledged as security

No property, plant and equipment asset was pledged as security for any financial liability.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 12. Employee benefit obligations

#### Defined benefit plan

The municipality has a policy to subsidise the post-employment health care costs of employees that are covered by municipal sponsored health care arrangements at retirement. The subsidy covers the employee as well as a spouse or dependent.

The policy applies only to members who were over a certain age at the date when the subsidy policy was discontinued. There are currently no members in the active service who will qualify for the subsidy on their retirement.

The amounts recognised in the statement of financial position are as follows:

#### Carrying value

Present value of the defined benefit obligation-wholly unfunded	3,915,863	3,535,545
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Changes in the present value of the defined benefit obligation are as follows:

Opening balance	3,535,545	3,515,494
Actuarial loss	456,552	-
Benefits paid	(350,954)	(253,837)
Interest cost	274,720	273,888
	<b>3,915,863</b>	<b>3,535,545</b>

#### Key assumptions used

Assumptions used on the last valuation - 30 June 2013:

Discount rates used	8.05 %	8.10 %
General inflation	5.82 %	5.40 %
Medical inflation	7.32 %	6.90 %
Real rate(Gap)	0.68 %	1.10 %

#### Discount rate assumption

The discount rate required by IAS19 should be set with reference to a high quality corporate bond. In countries where there is no deep market in such bonds, the market yield on government bonds should be used. The yield at 30 June 2013 on the R186 government bond was used. The yield on this bond was 8,05% (the R186 government bond is a fixed interest government bond with a maturity date between 2025 and 2027).

#### Future Inflation Assumption

The general inflation assumption is used to estimate the base rate at which the future health care subsidies will increase.

The market's pricing of inflation has been estimated by comparing the yields on index linked government bonds and long term government bonds, adjusting for inflation risk premium of 0,5% per annum. The implied inflation assumption is therefore 5,82% per annum for future inflation.

Future subsidies can be expected to increase in line with medical inflation. It has been assumed that medical inflation will exceed general inflation by 1.5% per annum. A gap of between 1.5% and 2.0% is considered to be acceptable. Given the current market indicators, a larger differential would eventually force some members to select a less expensive option and have set the gap at 1.5% p.a.

#### Net Discount Rate

Even though the actual values used for the discount rate and the expected increase in medical subsidies are important, the "gap" between the two assumptions are more important. This "gap" is referred to as the net discount rate. The net discount rate has reduced from 1,11% p.a. to 0.68% p.a. (Derived from a discount rate of 8,05% and the expected medical inflation rate of 7.32%)

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 12. Employee benefit obligations (continued)

#### Assets

The Company does not have any specific assets set aside to refund for this liability.

#### Demographic Valuation Assumptions

##### Post-retirement mortality

The post-retirement mortality assumptions have been based on the PA(90) mortality tables rated down by 1 year. This assumption is in line with the previous assumptions used.

##### Family Profile

The actual dependent status has been used to value the retired employees and it has been assumed that the female spouse will be 3 years younger than the male spouse.

##### Inflation sensitivities

The results of the valuation are dependent on the underlying assumptions made. The assumptions represent the best estimate of future experience. The actual cost of the subsidy will however be dependent on the actual experience.

The tables below illustrate the likely impact certain changes to the underlying assumptions would have on the results.

	0.5 percentage point increase	0.5 percentage point decrease
<b>Real Rate of Return</b>		
Effect on the aggregate of the Cost / (Saving)	(183,288)	199,333
<b>Mortality</b>		
	PA(90) -1 with one year decrease	PA(90) -1 with one year increase
Effect on the aggregate of the Cost / (Saving)	169,058	(165,543)

### 13. Housing Development Fund

Opening balance	157,188	149,152
Unappropriated surplus/GRAP implementation	-	8,036
Expenses for Housing Development fund	(874)	-
	<b>156,314</b>	<b>157,188</b>

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 14. Other financial liabilities

#### At amortised cost

INCA	16,275,571	16,989,409
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Bears interest at 10.80% and 10.96% interest respectively. The loans were previously secured by means of a R2 million investment with a redemption fund investment made at INCA specifically for this purpose. This investment was however utilized during the 2010/2011 financial year by INCA to set off towards arrears. Installments are payable six monthly at the end of December and June each year and are redeemable on 31 December 2026 and 30 June 2022.

Development Bank of South Africa	2,605,243	2,688,793
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The interest rate on the different loans varies between 8.78% & 12%. Installments are payable six monthly at the end of December and June or September and March each year. The loans are redeemable on 30 September 2017 and 30 June 2027.

<b>18,880,814</b>	<b>19,678,202</b>
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#### Total other financial liabilities

<b>18,880,814</b>	<b>19,678,202</b>
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#### Non-current liabilities

At amortised cost	2,605,243	2,688,793
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#### Current liabilities

At amortised cost	16,275,571	16,989,409
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#### Defaults and breaches

The loan to INCA with a carrying amount of R 16,275,571 (2012: R 16,901,603) was in default as a result of not meeting capital repayment requirements as per the contractual arrangements. The last payment occurred on the 31 December 2008 and on the 15 March 2010 there was a court judgement awarded in favour of INCA. At the reporting date there is current and ongoing litigation between the municipality and INCA regarding the default judgements obtained.

### 15. Payables from exchange transactions

Trade payables	57,137,874	44,678,378
Payments received in advance - contract in process	1,628,750	1,628,750
Retentions	4,211,896	1,303,766
Accrued leave pay	3,285,806	2,788,576
Contour Commission payable to vendors	42,323	34,232
Other Creditors	2,968,198	3,428,572
	<b>69,274,847</b>	<b>53,862,274</b>

The municipality defaulted on the payment of suppliers within 30 days. The average term of payment of suppliers for the current year was 337 days (2012: 306 days).

The terms were not renegotiated before the financial statements were authorised for issue.

### 16. Consumer deposits

Electricity	1,111,765	1,033,968
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No guarantees are held in lieu of Electricity deposits.



# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Municipal Infrastructure Grant (MIG)	15,514,553	12,352,694
PMU - Municipal Infrastructure Grant	546,547	71,612
Municipal Systems Improvement Grant (MSIG)	458,247	-
Department of Water Affairs Grant (DWA)	287,951	287,951
Government Grant - Provincial Cleaning Campaign Grant	5,666	68,264
Integrated National Electrification Program Grant	238,049	1,031,074
Library Grant	266,264	109,635
Public Work Program Grant	-	143,215
Local Government Grant	2,822,594	4,200,000
	<b>20,139,871</b>	<b>18,264,445</b>

### Movement during the year

Balance at the beginning of the year	18,264,445	1,643,314
Additions during the year	35,237,960	33,144,706
Income recognition during the year	(33,362,534)	(16,523,575)
	<b>20,139,871</b>	<b>18,264,445</b>

The municipality has complied with all the conditions set by the transferring organ of State or the conditions set by the other institutions who made allocations to the municipality. The unspent portion of conditional allocations are disclosed as unspent conditional grants on the face value of the Statement of Financial Position of the municipality.

The amounts will be recognised as revenue when conditions have been met.

See note 22 for reconciliation of grants received from National/Provincial Government and if any grants were withheld due to unfilled conditions.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 18. Provisions

#### Reconciliation of provisions - 2013

	Opening Balance	Additions	Total
Landfill site rehabilitation	4,263,692	409,302	4,672,994
Long service bonus	95,783	6,442	102,225
	<b>4,359,475</b>	<b>415,744</b>	<b>4,775,219</b>

#### Reconciliation of provisions - 2012

	Opening Balance	Additions	Total
Landfill site rehabilitation	2,000,000	2,263,692	4,263,692
Long service bonus	-	95,783	95,783
	<b>2,000,000</b>	<b>2,359,475</b>	<b>4,359,475</b>

#### Landfill site rehabilitation

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, (Act, 28 of 2002). The provision was determined by an independent expert as at 13 August 2013 and approximates the discounted expected future cash flows using reasonable estimation techniques.

The discount rate used for the landfill sites is based on a bond rate that matures as close as possible to the future date of the rehabilitation, adjusted by 1.5% for the circumstances of the Municipality.

The final restoration of landfill sites are expected to be over a period of 18 years, being the estimated useful lives of landfill sites. No uncertainties were listed in the engineer's report. The certainty and the timing of the outflow of these liabilities are uncertain and the amounts disclosed are the possible outflow amounts.

#### Long service bonus

In addition to normal leave an employee shall qualify for the following additional leave as recognition for service at the same employer, which shall be paid out respectively once only the date on which the various periods of continuous service have been completed, as follows:

After 10 years service - 10 working days  
After 15 years service - 20 working days  
After 20 years service - 30 working days  
After 25 years service - 30 working days  
After 30 years service - 30 working days  
After 35 years service - 30 working days  
After 40 years service - 30 working days  
After 45 years service - 30 working days

An employee may choose to either utilise the leave for holiday purposes or en-cash leave within 12 months.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
<b>19. Revenue</b>		
Service charges	41,357,157	35,687,041
Rental of facilities and equipment	64,580	78,661
Licences and permits	2,440,287	2,001,272
Other income	901,460	1,621,006
Interest received - investment	738,945	311,747
Fines	3,176,973	4,367,578
Property rates	5,621,153	4,520,091
Government grants & subsidies	86,722,454	61,364,478
	<b>141,023,009</b>	<b>109,951,874</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	41,357,157	35,687,041
Rental of facilities and equipment	64,580	78,661
Licences and permits	2,440,287	2,001,272
Other income	901,460	1,621,006
Interest received - investment	738,945	311,747
	<b>45,502,429</b>	<b>39,699,727</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
Fines	3,176,973	4,367,578
Property rates	5,621,153	4,520,091
<b>Transfer revenue</b>		
Government grants & subsidies	86,722,454	61,364,478
	<b>95,520,580</b>	<b>70,252,147</b>

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
<b>20. Property rates</b>		
<b>Rates received</b>		
Property rates	5,621,153	4,520,091
<b>Valuations</b>		
Churches	16,789,000	16,892,000
Commercial	110,950,000	115,213,000
Industrial	35,178,000	35,457,000
Municipal	34,260,000	25,464,000
Recreational	27,532,000	27,642,000
Residential	616,446,930	607,090,000
Small holdings and farms	1,457,141,073	1,778,703,750
State	385,760	850,000
	<b>2,298,682,763</b>	<b>2,607,311,750</b>

Valuations on land and buildings are performed every four years. The last general valuation came into effect on 1 July 2010 and is effective until 30 June 2014. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of R0.0041 cent (2012: R0.0039 cent) in the Rand on both the land and improvement value of residential properties is applied to property valuations to determine assessment rates. The first R15,000 (2012: R 15,000) of property value is exempted for residential properties. There is a further 10% (2012: 20%) discount / rebate on residential properties.

### 2013

From 1 July 2012 the basic rates were adjusted as follows:

- R0.00128 on the value of rateable agriculture property
- R0.0041 on the value of rateable residential property
- R1.0728 on the value of rateable government property
- R0.0128 on the value of rateable business property
- R0.0096 on the value of rateable day care centre property
- R0.0045 on the value of rateable vacant property

### 2012

From 1 July 2011 the basic rates were adjusted as follows:

- R0.00121 on the value of rateable agriculture property
- R0.0039 on the value of rateable residential property
- R1.0121 on the value of rateable government property
- R0.0121 on the value of rateable business property
- R0.0091 on the value of rateable day care centre property
- R0.0042 on the value of rateable vacant property

The new general valuation will be implemented on 01 July 2014.

## 21. Service charges

Sale of electricity	32,094,065	28,249,376
Sale of water	2,715,509	2,850,684
Solid waste	2,600,148	1,832,118
Sewerage and sanitation charges	3,947,435	2,754,863
	<b>41,357,157</b>	<b>35,687,041</b>

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
<b>22. Government grants and subsidies</b>		
Equitable share	45,869,000	40,498,000
Municipal Finance Grant (MFG)	1,500,000	1,250,000
Municipal Infrastructure Grant (MIG)	19,939,291	7,191,606
Municipal Systems Improvement Grant (MSIG)	341,753	790,000
PMU - Municipal Infrastructure Grant (MIG)	740,915	680,688
Department of Water Affairs (DWA)	600,960	3,202,754
Government Grant - Provincial Cleaning Campaign	62,598	1,324,450
Public Works Program Grant	1,143,215	18,785
Library Grant	163,371	210,365
Kenneth Kaunda District Municipality Grant	7,301,096	4,153,080
Kenneth Kaunda District Municipality - DBSA Loan Repayment	189,824	189,824
Integrated National Electrification Program	7,493,025	1,854,926
Local Government Grant	1,377,406	-
	<b>86,722,454</b>	<b>61,364,478</b>

### Equitable Share

In terms of the Division of Revenue Act, the annual equitable share allocated to the municipality is an unconditional grant. A portion of this grant is used to subsidise the provision of basic services to indigent community members in line with national policy. In terms of the Constitution, this grant is used to subsidise the provision of basic and administrative services to community members.

All registered indigent consumers of municipal services receive a monthly subsidy of R 138.15 (2012: R 130.33), if the household income is below R 2,440 (2012: R2,240) per month, which is funded from the grant.

Current-year receipts	45,869,000	40,498,000
Conditions met - transferred to revenue	(45,869,000)	(40,498,000)
	-	-

### Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	12,352,694	250,600
Current-year receipts	23,101,150	19,293,700
Conditions met - transferred to revenue	(19,939,291)	(7,191,606)
	<b>15,514,553</b>	<b>12,352,694</b>

Conditions still to be met - remain liabilities (see note 17).

The grant is used to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure utilised in providing basic services for the benefit of poor households. The grants was used to construct roads and sewerage infrastructure as part of the upgrading of informal settlement areas.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 22. Government grants and subsidies (continued)

#### PMU - Municipal Infrastructure Grant

Balance unspent at beginning of year	71,612	-
Current-year receipts	1,215,850	752,300
Conditions met - transferred to revenue	(740,915)	(680,688)
	<b>546,547</b>	<b>71,612</b>

Conditions still to be met - remain liabilities (see note 17).

The purpose of the grant is to be utilised for operating cost of the Project Management Unit (PMU) in regards to the Municipal Infrastructure Grant (MIG).

#### Municipal Systems Improvement Grant (MSIG)

Current-year receipts	800,000	790,000
Conditions met - transferred to revenue	(341,753)	(790,000)
	<b>458,247</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 17).

The purpose of the grant is to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act, and related Legislation, policies and the local government turnaround strategy.

#### Municipal Finance Grant (MFG)

Current-year receipts	1,500,000	1,250,000
Conditions met - transferred to revenue	(1,500,000)	(1,250,000)
	<b>-</b>	<b>-</b>

The purpose of the grant is to promote and support reforms to financial management and the implementation of the MFMA.

#### Department of Water Affairs (DWA)

Balance unspent at beginning of year	287,951	-
Current-year receipts	600,960	3,490,705
Conditions met - transferred to revenue	(600,960)	(3,202,754)
	<b>287,951</b>	<b>287,951</b>

Conditions still to be met - remain liabilities (see note 17).

The purpose of the grant is to fund bulk connector and internal infrastructure for water services at a basic level of service.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 22. Government grants and subsidies (continued)

#### Government Grant - Provincial Cleaning Campaign

Balance unspent at beginning of year	68,264	-
Current-year receipts	-	1,392,714
Conditions met - transferred to revenue	(62,598)	(1,324,450)
	<b>5,666</b>	<b>68,264</b>

Conditions still to be met - remain liabilities (see note 17).

The purpose of the grant is to be utilised for operating cost in regards to the Provincial Cleaning Campaign.

#### Integrated National Electrification Program

Balance unspent at beginning of year	1,031,074	-
Current-year receipts	6,700,000	2,886,000
Conditions met - transferred to revenue	(7,493,025)	(1,854,926)
	<b>238,049</b>	<b>1,031,074</b>

Conditions still to be met - remain liabilities (see note 17).

The grant is used to address the electrification backlog of permanently occupied residential dwellings, the installation of infrastructure and rehabilitation of electrification infrastructure.

#### Library Grant

Balance unspent at beginning of year	109,635	-
Current-year receipts	320,000	320,000
Conditions met - transferred to revenue	(163,371)	(210,365)
	<b>266,264</b>	<b>109,635</b>

Conditions still to be met - remain liabilities (see note 17).

The grant is to be utilised for the programme cost of the the library and other costs as per the library proposal.

#### Kenneth Kaunda District Municipality Grant

Current-year receipts	7,301,096	4,153,080
Conditions met - transferred to revenue	(7,301,096)	(4,153,080)
	<b>-</b>	<b>-</b>

#### Kenneth Kaunda District Municipality - DBSA loan repayment

Current-year receipts	189,824	189,824
Conditions met - transferred to revenue	(189,824)	(189,824)
	<b>-</b>	<b>-</b>

The purpose of the grant is to help the municipality in regards to the repayment of the DBSA loans.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 22. Government grants and subsidies (continued)

#### Public Works Program Grant

Balance unspent at beginning of year	143,215	-
Current-year receipts	1,000,000	162,000
Conditions met - transferred to revenue	(1,143,215)	(18,785)
	<b>-</b>	<b>143,215</b>

Conditions still to be met - remain liabilities (see note 17).

The grant is to be utilised for salary expenses in regards to the expanded Public Works Program. The grant is in regards to a national cleaning campaign.

#### Local Government Grant

Balance unspent at beginning of year	4,200,000	-
Current-year receipts	-	4,200,000
Conditions met - transferred to revenue	(1,377,406)	-
	<b>2,822,594</b>	<b>4,200,000</b>

Conditions still to be met - remain liabilities (see note 17).

The grant is to be utilised for public infrastructure expenses and the funds were provided by local government.

### Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 5 of 2013), no significant changes in the level of government grant funding are expected over the forthcoming 2 financial years.

### 23. Other income

Administration fees	39,786	34,581
Advertisements sign income	1,811	1,695
Clearance certificates	9,416	9,360
Connection fees - Electricity	2,860	4,453
Connection fees - Water	4,480	9,136
Exceptional income	-	60,537
Grave fees	104,712	97,542
Labour - New connection	51,884	43,278
Lost books	83	861
Medical Aid - Continued members income	89,711	73,689
Membership card fees	4,520	4,662
Photo copies	148,189	1,754
Prepaid fines received	2,982	1,050
Re-connection fees	1,382	5,853
Renting - Land	41,475	7,500
Sale of top soil	14,571	2,637
Selling of stand	67,069	106,886
Skills development claim refund	-	162,266
Stock surplus	229,805	852,204
Tender documents	66,900	117,181
Town planning / building plans	11,111	14,746
Valuation certificates	8,713	9,135
	<b>901,460</b>	<b>1,621,006</b>



# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 24. Investment revenue

#### Interest revenue

Bank	42,797	15,726
Interest earned on investments	696,148	296,021
	<b>738,945</b>	<b>311,747</b>

### 25. Employee related costs

Basic	20,134,845	17,474,692
Acting allowances	716,651	663,435
Bonus	1,283,502	1,212,458
Company contributions (UIF, Medical aid & Pension)	5,691,863	4,615,659
Other short term costs	121,305	112,637
Overtime payments	1,472,812	1,051,998
Travel, motor car, accommodation, subsistence and other allowances	2,188,057	1,496,256
	<b>31,609,035</b>	<b>26,627,135</b>

#### Remuneration of Municipal Manager

Annual remuneration	815,750	780,000
Car allowance (Including subsistence and travelling)	125,500	120,000
Phone allowance	9,600	-
	<b>950,850</b>	<b>900,000</b>

The Municipal Manager was appointed on a five year contract starting 3 November 2011.

#### Remuneration of Chief Finance Officer

Annual Remuneration	407,371	422,656
Car allowance (Including subsistence and travelling)	51,000	108,070
Housing allowance	39,000	-
Leave	-	7,354
Phone allowance	4,800	3,000
	<b>502,171</b>	<b>541,080</b>

The Chief Financial Officer (CFO) was appointed in January 2013. There were two acting officials between the period July 2012 to December 2012 who are fulltime employees of the municipality. The first official was acting from January 2011 to 24 July 2012 while the second official was acting from the 25 July 2012 to December 2012.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 25. Employee related costs (continued)

#### Remuneration of executive director - Corporate and Human Resources (Corporate Services)

Annual remuneration	433,222	71,387
Car allowance (Including subsistence and travelling)	147,487	48,703
Housing allowance	147,487	-
Phone allowance	8,800	1,600
	<b>736,996</b>	<b>121,690</b>

During 2012 the position was filled only for two months (Until August 2011). The new director was employed from 01 July 2012.

#### Remuneration of executive director - Engineering Services

Annual Remuneration	524,036	477,210
Car allowance (Including subsistence and travelling)	148,294	135,043
Housing allowance	118,913	108,287
Phone allowance	9,600	9,600
	<b>800,843</b>	<b>730,140</b>

#### Remuneration of executive director - Community Development

Annual Remuneration	471,268	429,157
Car allowance (Including subsistence and travelling)	171,681	135,043
Housing allowance	148,294	156,339
Phone allowance	9,600	9,600
	<b>800,843</b>	<b>730,139</b>

#### Remuneration of executive director - Strategic Planning & LED

Annual Remuneration	445,991	-
Car allowance (Including subsistence and travelling)	160,257	-
Housing allowance	160,257	-
Phone allowance	9,600	-
	<b>776,105</b>	<b>-</b>

The Strategic Planning & LED director is a new position for the 2013 financial period and therefore no comparative figures are available.

### 26. Remuneration of Councillors

Mayor	635,442	591,788
Allowance vehicle councillors	491,635	472,682
Allowance Councillors	1,473,179	1,454,631
Allowance cell phone	134,410	129,228
	<b>2,734,666</b>	<b>2,648,329</b>

Details relating to remuneration of Councillors are disclosed in note 38 for Councillors

#### In-kind benefits

The Mayor is full-time. She is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of a Council owned vehicle for official duties and has a full time driver.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
<b>27. Increase/(decrease) in provisions</b>		
Leave provision	1,229,595	943,343
Landfill site provision	409,302	2,263,692
	<b>1,638,897</b>	<b>3,207,035</b>
<b>28. Depreciation and amortisation</b>		
Property, plant and equipment	20,198,139	5,362,744
<b>29. Finance costs</b>		
Interest DBSA	106,305	146,379
Interest penalties and other	1,839,961	2,592,245
Trade and other payables - Eskom	1,861,309	1,442,844
	<b>3,807,575</b>	<b>4,181,468</b>
<b>30. Provision for bad debts</b>		
Provision for bad debts	(2,442,586)	(322,779)
<b>31. Contracted services</b>		
Services rendered - BCX Support	628,713	468,121
Services rendered - Debt manager	-	1,968,072
Services rendered - Meter readings	246,745	218,483
Services rendered - Other Contractors	1,396,974	1,390,013
Services rendered - TMT	1,709,854	2,645,645
	<b>3,982,286</b>	<b>6,690,334</b>
<b>32. Bulk purchases</b>		
Electricity	32,853,691	26,745,734
Water	1,192,708	1,453,176
	<b>34,046,399</b>	<b>28,198,910</b>

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
<b>33. General expenses</b>		
Advertising	107,254	170,296
Auditors remuneration	2,243,415	2,148,715
Bank charges	234,047	179,079
Cleaning project Tshing (Mayor)	54,911	1,324,450
Consulting and professional fees	-	599,451
Contributions to post employment benefit	380,318	(504,159)
Education programmes	36,797	-
Electricity	562,563	737,180
Entertainment	115,297	68,603
Fuel	1,504,927	1,144,545
IDP document	440	56,964
Insurance	496,202	1,185,500
LED	41,067	16,303
Law amendments	-	25,014
Legal fees	2,695,997	961,697
Library programmes	129,883	185,141
Licence fee and licenses cards	190,962	33,109
MFG project	956,680	828,325
Material and Equipment	426,475	471,408
Other expenses	7,841,855	2,832,687
PMU Expenses	617,493	657,284
Penalty Fees / Cost for late payments	640,952	927,999
Postage and courier	243,547	200,293
Printing and stationery	373,981	238,845
Refuse	5,439	3,836
Rental of equipment	1,530,050	1,503,654
Rental of vehicles	284,101	352,308
Sewerage and waste disposal	655	567
Skills development levy	305,951	258,085
Stock shortage	85,902	43,268
Subsistence and travelling expenses	525,467	474,831
Telephone	805,122	882,787
Training and Development	92,760	50,018
Water	6,529	4,410
Workmans compensation	9,605	200,213
	<b>23,546,644</b>	<b>18,262,706</b>

### 34. Auditors' remuneration

Fees	2,243,415	2,148,715
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# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
<b>35. Cash generated from operations</b>		
Surplus	17,674,406	12,000,111
<b>Adjustments for:</b>		
Depreciation and amortisation	20,198,139	5,362,744
Fair value adjustments	(22,416)	(22,948)
Bad debts provision	(2,442,586)	(322,779)
Movements in retirement benefit assets and liabilities	380,318	(504,159)
Movements in provisions	415,744	2,359,475
Debtors with credit balance(refer to Debtors paying for land)	-	(2,137,474)
Lease liability brought in	-	(632,853)
Movement in Housing development fund	(874)	(8,036)
GRAP 17 Compliant Asset Register adjustments	20,828,471	-
Prior period errors	-	21,055,331
<b>Changes in working capital:</b>		
Inventories	(52,425)	(18,206,842)
Receivables from exchange transactions	(44,919)	12,839
Other receivables from non-exchange transactions	(6,007,590)	(2,884,141)
Consumer debtors	(8,208,467)	(6,567,607)
Payables from exchange transactions	15,412,574	10,852,615
VAT	(3,598,234)	(1,682,582)
Unspent conditional grants and receipts	1,875,426	16,621,131
Consumer deposits	77,797	73,241
	<b>56,485,364</b>	<b>35,368,066</b>
<b>36. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Approved and contracted for</b>		
• Community	18,595	18,595
• Electricity	312,082	940,511
• Roads and storm water	7,836,815	12,625,770
• Sanitation and Waste Management	626,359	626,359
	<b>8,793,851</b>	<b>14,211,235</b>
<b>Approved not yet contracted for</b>		
• Roads and storm water	-	18,794,829
<b>37. Contingencies</b>		
<b>Contingent liabilities</b>		
The entity is being sued for some of the following pending claims. All the claims are being contested based on legal advice. The certainty and the timing of the outflow of these liabilities is uncertain. The amounts for 2012 have been restated from R6,258,000 to R6,274,824 as an amount of R16,824 was not correctly included. The amounts disclosed below are possible outflows amounts:		
Breach of contracts in respect of contractual agreements in various incidents	6,000,000	6,050,000
Claims by individuals due to damage of property in various incidents	527,034	120,000
Claims by individuals due to injuries in various incidents	17,216	53,823
INCA Loan Agreements - Pay arrears in the form of installments rental agreements	62,971,263	-
Probable legal costs to be incurred for various matters being handled by various attorneys	3,280,598	54,001
	<b>72,796,111</b>	<b>6,277,824</b>

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 38. Related parties

Members of key management:

Mayor

Councillors

CN Phoyane

AL Jones

JL Links

M Matinyane

MW Matinyane

JM Matome

MJ Mjulen

NS Moabi

Mogwata C

MJ Motladiile

MT Motshabi

VW Qankase

SA Sidu

BJ Makade

MI Moruti

OG Moremedi (Director - Engineering Services)

BMB Mosepele (Director - Community Development)

SA Sidu (Director - Strategic Planning & LED)

LD Mcameni (Director - Corporate and Human Resources)

Municipal manager

Chief financial officer

Section 57 managers

### Remuneration of Councillors - 2013

	Councillor Allowance	Telephone Allowance	Travel Allowance	Total
Cllr Phoyane CN	464,451	19,876	151,115	635,442
Cllr Jones AL	136,003	12,394	45,335	193,732
Cllr Links JL	111,132	10,329	37,778	159,239
Cllr Matinyane M	136,003	12,394	45,335	193,732
Cllr Matinyane MW	136,003	12,394	45,335	193,732
Cllr Matome JM	136,003	12,394	45,335	193,732
Cllr Mjulen MJ	136,483	12,394	45,335	194,212
Cllr Moabi NS	136,003	12,394	45,335	193,732
Cllr Mogwata C	136,003	12,394	45,335	193,732
Cllr Motladiile MJ	136,003	12,394	45,335	193,732
Cllr Motshabi MT	136,003	12,394	45,335	193,732
Cllr Qankase VW	136,003	12,394	45,335	193,732
Cllr Sidu SA	1,535	139	511	2,185
	<b>1,937,628</b>	<b>154,284</b>	<b>642,754</b>	<b>2,734,666</b>

### Remuneration of Councillors - 2012

	Councillor Allowance	Telephone Allowance	Travel Allowance	Total
Cllr Phoyane CN	429,711	18,840	143,237	591,788
Cllr Jones AL	128,914	11,748	42,971	183,633
Cllr Matinyane M	129,015	11,748	42,971	183,734
Cllr Matinyane MW	129,015	11,748	42,971	183,734
Cllr Matome JM	129,015	11,748	42,971	183,734
Cllr Mjulen MJ	129,015	11,748	42,971	183,734
Cllr Moabi NS	128,914	11,748	42,971	183,633
Cllr Mogwata C	128,914	11,748	42,971	183,633
Cllr Motladiile MJ	164,785	11,748	42,971	219,504
Cllr Motshabi MT	129,015	11,748	42,971	183,734
Cllr Qankase VW	129,015	11,748	42,971	183,734
Cllr Sidu SA	129,015	11,748	42,971	183,734
	<b>1,884,343</b>	<b>148,068</b>	<b>615,918</b>	<b>2,648,329</b>

### Key management and Councillors

No transactions took place between the entity and key management personnel or their close family members during the reporting period. Details relating to remuneration are disclosed in note 25 for key management and above for Councillors.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 39. Prior period errors

In terms of GRAP 3 - Accounting policies, Changes in Estimates and Errors::

#### 39.1 Prior period errors - Year end Creditors

An invoice was provided for as a payable and cancelled subsequent to year end. The Municipality is in dispute with the service provider regarding the amounts payable and the amount should not have been raised in the prior year. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:

##### Statement of financial position

Decrease in Trade and Other Payables	-	138,972
Decrease in Vat Receivable	-	(17,067)

##### Statement of Financial Performance

Decrease in Contracted services	-	(121,905)
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#### 39.2 Prior period errors - Year end Creditors

An invoice was provided for as a payable and cancelled subsequent to year end. The Municipality is in dispute with the service provider regarding the amounts payable and the amount should not have been raised in the prior year. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:

##### Statement of financial position

Decrease in Trade and Other Payables	-	164,690
Decrease in Vat Receivable	-	(20,225)

##### Statement of Financial Performance

Decrease in Contracted services	-	(144,465)
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#### 39.3 Prior period errors - Year end Creditors

An invoice was provided for as a payable and cancelled subsequent to year end. DWAF had already refunded the supplier and the creditor is thus overstated. The amount should not have been raised in the prior year. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:

##### Statement of financial position

Decrease in Trade and Other Payables	-	3,108,920
Decrease VAT Receivable	-	(399,710)
Decrease in Retention Provisions	-	17,913

##### Statement of Changes in Net Assets

Increase in Accumulated Surplus	-	(2,727,123)
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#### 39.4 Prior period errors - Other Receivables from Non-exchange transactions

The amount owing by the District Municipality was overstated. A confirmation from the District Municipality was obtained and a reconciliation prepared to reflect the correct balance. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:

##### Statement of financial position

Decrease in Other Receivables from Non-exchange transactions	-	(16,613)
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##### Statement of Changes in Net Assets

Decrease in Accumulated Surplus	-	16,613
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# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
<b>39. Prior period errors (continued)</b>		
<b>39.5 Prior period errors - Mayoral cleaning campaign</b>		
A debtor was erroneously raised for the mayoral cleaning campaign based on the assumption that funding would be received for money spent on the cleaning campaign. The funding was never received and therefore the entry has been reversed. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Increase in Trade and Other Payables	-	(150,150)
<b>Statement of Changes in Net Assets</b>		
Decrease Accumulated Surplus	-	150,150
<b>39.6 Prior period errors - VAT Receivable</b>		
A VAT statement of account was obtained from the municipality and a reconciliation prepared to reflect the correct balance for 2012. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Increase in VAT Receivable	-	1,546,610
<b>Statement of Changes in Net Assets</b>		
Increase Accumulated Surplus	-	(1,546,610)
<b>39.7 Prior period errors - Other Financial Liabilities</b>		
The balance of the INCA Loan was understated in 2007. The balance has been restated to agree to the INCA statement. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Increase in Other Financial Liabilities	-	(87,806)
<b>Statement of Changes in Net Assets</b>		
Decrease Accumulated Surplus	-	87,806
<b>39.8 Prior period errors - VAT Receivable (Year end Sundry reclaim)</b>		
The Year End Sundry Reclaim VAT balance was overstated in the prior years as VAT claimed against year end creditors was allocated to the VAT input account and not against the Year end reclaim VAT account. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Increase in VAT Receivable	-	418,785
<b>Statement of Changes in Net Assets</b>		
Increase Accumulated Surplus	-	(418,785)



# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 39. Prior period errors (continued)

#### 39.9 Prior period errors - Fruitless and wasteful expenditure

Fruitless and wasteful expenditure was condoned as per Resolution 047/2012-2013. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:

##### Statement of financial position

Decrease in Other Receivables from Non-exchange transactions	-	(93,517)
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##### Statement of Changes in Net Assets

Decrease Accumulated Surplus	-	93,517
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#### 39.10 Prior period errors - Year end Creditors

The DWAF creditor has been reconciled to the 2012 creditors statement and restated accordingly. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:

##### Statement of financial position

Increase in Trade and other Payables	-	(415,515)
Increase in Vat Receivable	-	151,481

##### Statement of Financial Performance

Increase in Bulk Purchases - Water	-	264,034
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#### 39.11 Prior period errors - Year end Creditors

Various invoices were captured twice in the prior year and these invoices have now been reversed. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:

##### Statement of financial position

Decrease in Trade and other Payables	-	42,218
Decrease in Vat Receivable	-	(371)

##### Statement of Financial Performance

Decrease in Interest expense	-	(39,197)
Decrease in Auditors fee expense	-	(2,650)

#### 39.12 Prior period errors - Retentions

In the prior period the retention part of a cheque was cancelled prior year adjustment account, the amount should have been cancelled against the Retention provision account. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:

##### Statement of financial position

Increase VAT Receivable	-	17,913
Increase in Retention Provisions	-	(17,913)

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## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
<b>39. Prior period errors (continued)</b>		
<b>39.13 Prior period errors - Other Financial Assets</b>		
Other Financial assets were previously stated at cost and been now restated at fair value accordingly to GRAP. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Increase in Other Financial Assets	-	22,948
<b>Statement of Financial Performance</b>		
Increase in Fair Value Adjustment	-	(22,948)
<b>39.14 Prior period errors - Unspent Conditional Grants</b>		
The VAT portion of prior year unspent conditional grants was previously not brought in as conditions met. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Decrease in Unspent Conditional Grants and Receipts	-	1,506,950
<b>Statement of Financial Performance</b>		
Increase in Government Grants and Subsidies	-	(1,506,950)
<b>39.15 Prior period errors - Year end Creditors</b>		
A supplier was not accrued for in previous financial year. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Increase in Trade and other Payables	-	(134,074)
Increase in VAT receivable	-	16,465
<b>Statement of Financial Performance</b>		
Increase in Contracted services	-	117,609
<b>39.16 Prior period errors - Year end Creditors</b>		
A supplier was not accrued for in previous financial year. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Increase in Trade and other Payables	-	(4,140)
Increase in VAT Receivable	-	508
<b>Statement of Financial Performance</b>		
Increase in General expenses	-	3,632

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 39. Prior period errors (continued)

#### 39.17 Prior period errors - Compliant Asset Register and Investment Property register restatements

In the 2013 financial year the municipality embarked on a project to reconstruct the asset register and investment property register of the municipality. The Investment Properties, Moveable assets, land and buildings and infrastructure asset figures have been restated. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:

##### Statement of financial position

Increase in Property, Plant and Equipment	-	115,815,346
Increase in Investment Property	-	13,095,347

##### Statement of Changes in Net Assets

Increase in Accumulated Surplus	-	(128,910,693)
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#### 39.18 Prior period errors - INCA Rental outstanding

Correction of opening balance of INCA rental outstanding. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:

##### Statement of financial position

Decrease in Trade and other Payables	-	238,851
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##### Statement of Financial Performance

Decrease in General expenses	-	(238,851)
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#### 39.19 Prior period errors - New connections accounts

Clearing of new connections accounts as these accounts should have been cleared in the prior year. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:

##### Statement of financial position

Decrease in Trade and other Payables	-	16,969
Increase in Other Receivables from Non-exchange transactions	-	829

##### Statement of Changes in Net Assets

Increase in Accumulated Surplus	-	(17,798)
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#### 39.20 Prior period errors - Inventory

Unsold Properties Held for Resale was understated in the prior years, restated the balance to agree to the Unsold Properties Held for Resale register. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:

##### Statement of financial position

Increase in Inventory	-	17,442,186
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##### Statement of Changes in Net Assets

Increase in Accumulated Surplus	-	(17,442,186)
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# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
<b>39. Prior period errors (continued)</b>		
<b>39.21 Prior period errors - Year end Creditors</b>		
In the prior year the supplier balance of Eskom was over accrued. The Eskom creditor has been reconciled to the 2012 creditors statement and restated accordingly. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Decrease in Trade and other Payables	-	2,753,477
<b>Statement of Financial Performance</b>		
Decrease in Bulk Purchases (Electricity)	-	(2,753,477)
<b>39.22 Prior period errors - Retentions</b>		
In the prior period the incorrect amount was provided in regards to retentions the restatement was corrected accordingly against the Retention provision. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Increase in Trade and other payable	-	(146,832)
<b>Statement of Changes in Net Assets</b>		
Decrease in Accumulated Surplus	-	146,832
<b>39.23 Prior period errors - Year end Creditors</b>		
In the prior year the supplier balance should have been written off. The creditor has been reconciled to the 2012 creditors statement and restated accordingly. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Decrease in Trade and other Payable	-	84,469
Decrease in VAT Receivable	-	(10,347)
<b>Statement of Changes in Net Assets</b>		
Increase in Accumulated Surplus	-	(74,122)
<b>39.24 Prior period errors - Year end Creditors</b>		
In the prior year the supplier balance was provided however the supplier was paid in the prior year. The creditor has been reconciled to the 2012 creditors statement and restated accordingly. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Decrease in Trade and other Payable	-	60,594
Decrease in VAT Receivable	-	(6,292)
<b>Statement of Changes in Net Assets</b>		
Increase in Accumulated Surplus	-	(54,302)

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
<b>39. Prior period errors (continued)</b>		
<b>39.25 Prior period errors - Year end Creditors</b>		
In the prior year the supplier balance was under accrued as not all the invoices have been recorded. The creditor has been reconciled to the 2012 creditors statement and restated accordingly. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Increase in Trade and other Payable	-	(45,501)
Increase in VAT Receivable	-	5,588
<b>Statement of Financial Performance</b>		
Increase in Repairs and Maintenance	-	39,913
<b>39.26 Prior period errors - Year end Creditors</b>		
In the prior year the supplier balance was not accrued for and the creditor has been reconciled to the 2012 creditors statement and restated accordingly. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Increase in Trade and other Payable	-	(90,887)
Increase in VAT Receivable	-	11,162
<b>Statement of Financial Performance</b>		
Increase in General expenses	-	79,725
<b>39.27 Prior period errors - Year end Creditors</b>		
In the prior year the supplier balance was under accrued as not all the invoices have been recorded. The creditor has been reconciled to the 2012 creditors statement and restated accordingly. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Increase in Trade and other Payable	-	(39,718)
Increase in VAT Receivable	-	4,331
<b>Statement of Financial Performance</b>		
Increase in Contracted services	-	35,387
<b>39.28 Prior period errors - Year end Creditors</b>		
In the prior year the supplier balance was provided however the supplier was paid in the prior year. The creditor has been reconciled to the 2012 creditors statement and restated accordingly. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Decrease in Trade and other Payable	-	39,718
Decrease in VAT Receivable	-	(4,878)
<b>Statement of Financial Performance</b>		
Decrease in Contracted services	-	34,840

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
<b>39. Prior period errors (continued)</b>		
<b>39.29 Prior period errors - Deposits (Eskom securities)</b>		
In the prior year the deposits in regards of the Eskom security account were incorrect and the opening balance was restated accordingly. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Increase in Other receivables from Non-exchange transactions	-	149,488
<b>Statement of Financial Performance</b>		
Increase in Interest received	-	(11,885)
<b>Statement of Changes in Net Assets</b>		
Increase in Accumulated Surplus	-	(137,603)
<b>39.30 Prior period errors - Salary Suspense Account</b>		
In the prior year the medical aid refunds in the salary suspense accounts were not cleared and these refunds have been allocated now to the correct accounts. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Decrease in Trade and other Payable	-	4,444
<b>Statement of Financial Performance</b>		
Decrease in Personnel cost	-	(4,444)
<b>39.31 Prior period errors - Salary Suspense Account</b>		
In the prior year the medical aid contributions in the salary suspense accounts were not cleared and these contributions have been allocated now to the correct accounts. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Increase in Trade and other Payable	-	(6,835)
<b>Statement of Financial Performance</b>		
Increase in Personnel cost	-	6,835
<b>39.32 Prior period errors - Provision for Landfill sites</b>		
In the prior year the Provision for Landfill was understated, the provision was restated accordingly. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Increase in Provision for Landfill sites	-	(1,938,533)
<b>Statement of Financial Performance</b>		
Increase in Increase in provisions (Expenditure)	-	1,938,533

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
<b>39. Prior period errors (continued)</b>		
<b>39.33 Prior period errors - Unspent Conditional Grants</b>		
Unspent Conditional Grants for the 2012 financial period were overspent in the prior year, these expense were funded through own funds from the municipality and restated accordingly. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Increase in Unspent Conditional Grants and Receipts	-	(105,258)
<b>Statement of Financial Performance</b>		
Decrease in Government Grants & Subsidies	-	105,258
<b>39.34 Prior period errors - Year end Creditors</b>		
In the prior years the Workmans Compensation Act creditor was understated. The creditor has been reconciled to the 2012 creditors statement and restated accordingly. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Increase in Trade and other Payables	-	(963,474)
<b>Statement of Financial Performance</b>		
Increase in General expenses	-	68,352
<b>Statement of Changes in Net Assets</b>		
Decrease in Accumulated Surplus	-	895,122
<b>39.35 Prior period errors - Year end Creditors</b>		
In the prior year the supplier balance should have been written off. The creditor has been reconciled to the 2012 creditors statement and restated accordingly. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Decrease in Trade and other Payables	-	2,349
<b>Statement of Financial Performance</b>		
Decrease in General expenses	-	(2,349)
<b>39.36 Prior period errors - Year end Creditors</b>		
In the prior year the supplier balance was under accrued as not all the invoices have been recorded. The creditor has been reconciled to the 2012 creditors statement and restated accordingly. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Increase in Trade and other Payables	-	(9,103)
Increase VAT Receivable	-	1,118
<b>Statement of Financial Performance</b>		
Increase in Repairs and Maintenance	-	7,985

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
<b>39. Prior period errors (continued)</b>		
<b>39.37 Prior period errors - Year end Creditors</b>		
In the prior year the supplier balance was under accrued as not all the invoices have been recorded. The creditor has been reconciled to the 2012 creditors statement and restated accordingly. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Increase in Trade and other Payables	-	(78,645)
Increase VAT receivable	-	9,658
<b>Statement of Changes in Net Assets</b>		
Decrease in Accumulated Surplus	-	68,987
<b>39.38 Prior period errors - Year end Creditors</b>		
In the prior year the supplier balance was over accrued. The creditor has been reconciled to the 2012 creditors statement and restated accordingly. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Decrease in Trade and other Payables	-	25,000
Decrease VAT Receivable	-	(3,070)
<b>Statement of Financial Performance</b>		
Decrease in General expenses	-	(21,930)
<b>39.39 Prior period errors - Year end Creditors</b>		
In the prior year the creditor was overstated as the supplier was accrued with a quote. The creditor has been reconciled to the 2012 creditors statement and restated accordingly. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Decrease in Trade and other Payables	-	9,145
Decrease in VAT Receivable	-	(1,123)
<b>Statement of Changes in Net Assets</b>		
Increase Accumulated Surplus	-	(8,022)
<b>39.40 Prior period errors - Discounting of Debtors</b>		
In the prior year no discounting of debtors occurred for property rates and services charges. These amounts were calculated and restated accordingly. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:		
<b>Statement of financial position</b>		
Decrease in Consumer Debtors	-	(1,708,970)
Decrease in Receivables from Non-Exchange transactions	-	(287,569)
<b>Statement of Financial Performance</b>		
Decrease in Service Charges	-	1,708,970
Decrease in Property Rate	-	287,569



# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 39. Prior period errors (continued)

#### 39.41 Prior period errors - Salary suspense account

The salary suspense account was cleared for the prior year and restated accordingly. The comparative figures for the 2012/2013 financial statements have been restated. The effect of the restatement is summarised below:

##### Statement of financial position

Decrease in Trade and other Payables	-	47,090
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##### Statement of Financial Performance

Decrease in Personnel cost	-	(54,793)
Increase in General expenses	-	7,703

### 40. Comparative figures

Certain comparative figures have been reclassified in the annual financial statements of the municipality.

The account for Water and Electricity Deposits with a credit balance was classified under Consumer Debtors in the prior year. This account was reclassified to Trade and other Payables. Therefore the following reclassification is made to Consumer Debtors. Refer to note 8.

The effects of the reclassification are as follows:

##### Statement of financial position

Increase in Consumer Debtors - Other	-	61,924
Increase in Trade and other Payables	-	(61,924)

### 41. Risk management

#### Financial risk management

This note presents information about the municipality's exposure to each of the financial risks below and the entity's objectives, policies and processes for measuring and managing financial risks. Further quantitative disclosures are included throughout the Annual Financial Statements.

The Council has overall responsibility for the establishment and oversight of the entity's risk management framework.

The municipality's audit committee oversees the monitoring of compliance with the municipality's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the municipality. The audit committee is assisted in its oversight role by the municipality's internal audit function.

The municipality monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. The municipality has exposure to the following financial risks from its use of financial instruments:

- credit risk
- liquidity risk; and
- market risk (including interest rate risk and price risk).

The municipality seeks to minimise the effects of these risks in accordance with the municipality's policies approved by the Council. The policies provide written principles on foreign exchange risk, interest rate risk, credit risk and in the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The municipality does not enter into or trade in financial instruments for speculative purposes.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 41. Risk management (continued)

#### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The municipality has not defaulted on external loans, payables and lease commitment payments and no re-negotiation of terms were made on any of these instruments.

Impairment losses - all of the municipality's financial assets have been reviewed for indicators of impairment. Certain receivables were found to be impaired and a provision has been recorded accordingly. The impaired receivables are mostly due from customers defaulting on service costs levied by the municipality.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

<b>30 June 2013</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>
Other financial liabilities	16,275,571	2,605,243
Payables from exchange transactions	69,274,847	-
<b>At 30 June 2012</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>
Other financial liabilities	16,989,409	2,688,793
Payables from exchange transactions	53,862,274	-

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial assets exposed to credit risk at year end were as follows:

<b>Financial instrument</b>	<b>2013</b>	<b>2012</b>
Cash and cash equivalents	10,710,804	15,585,478
Receivables from exchange transactions	742,502	697,583
Other receivables from non exchange transactions	10,206,338	4,198,748
Consumer debtors	24,309,674	13,658,621

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 41. Risk management (continued)

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the entity's revenue or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. There has been no change, since the previous financial year to the entity's exposure to market risks or the manner in which it manages and measures the risk.

Market risk consists of the following risks:

#### 1) Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. The entity's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer term borrowings are therefore usually at fixed rates. The entity's exposures to interest rates on financial assets and financial liabilities are detailed below:

At year-end, financial instruments exposed to interest rate risk were as follows:

- Call and notice deposits
- Development Bank of South Africa loans
- INCA loans

The entity's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the economic entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the entity to fair value interest rate risk. Entity policy is to make as far as possible use of fixed rate instruments. During 2013 and 2012, the economic entity's borrowings at variable rate were denominated in the Rand.

Financial instrument	Carrying amount	
	2013	2012
Available for sale investments - Listed shares	15,801	15,801
Available for sale investments - Old Mutual	120,000	120,000
Financial instrument	Fair Value	
	2013	2012
Available for sale investments - Listed shares	52,948	44,091
Available for sale investments - Old Mutual	127,349	114,658

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 42. Going concern

We draw attention to the fact that at 30 June 2013, the municipality had accumulated surplus of 240,351,987 and that the municipality's total assets exceed its liabilities by 240,508,301.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Although certain going concern ratios may appear unfavourable, the municipality still has the power to levy rates and taxes and it will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue (Act 6 of 2011).

### 43. Unauthorised expenditure

Opening balance	11,628,994	5,783,820
Unauthorised expenditure - current year	17,041,838	5,845,174
Approved by Council or condoned	(11,628,994)	-
	<b>17,041,838</b>	<b>11,628,994</b>

#### Details of unauthorised expenditure – current year

Incidents regarding 2012/2013	Disciplinary steps taken/criminal proceedings	
Overspending by Corporate Services	None	2,230,009
Overspending by Electricity Services	None	10,764,299
Overspending by Council General	None	2,249,137
Overspending by Public Works	None	1,305,148
Overspending by Refuse Department	None	493,245
		<b>17,041,838</b>

Refer to Appendix E(1) and E(2) for more details..

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
<b>44. Fruitless and wasteful expenditure</b>		
Fruitless and wasteful expenditure - opening balance	9,824,926	6,594,441
Interest on late payments to Eskom	1,850,831	1,442,836
Penalty interest to various Creditors	96,800	602,600
Penalty interest payable to INCA	24,603	1,185,049
Interest paid on overdue accounts - AGSA	462,152	-
Penalty fees paid to Department of Economic Development Environment Conservation & Tourism	82,000	-
	<b>12,341,312</b>	<b>9,824,926</b>

### Details of fruitless and wasteful expenditure incidents

<b>Details of fruitless and wasteful expenditure incidents 2008/09</b>	<b>Disciplinary steps taken/criminal proceedings</b>		
Penalties and interest paid to SARS for the late submission of returns.	None	33,746	33,746
Interest on late payments to Eskom	None	291,950	291,950
<b>Details of fruitless and wasteful expenditure incidents 2009/10</b>	<b>Disciplinary steps taken/criminal proceedings</b>		
Incorrect VAT claimed on payments made to Major Sekopo Trading	None	184,411	184,411
Penalty interest payable to INCA	None	330,724	330,724
Penalty interest to various Creditors	None	959,450	959,450
MIG Project - Tsetse Outdoor Sport Facility	None	93,517	93,517
<b>Details of fruitless and wasteful expenditure incidents 2010/11</b>	<b>Disciplinary steps taken/criminal proceedings</b>		
Penalty interest payable to INCA	None	1,214,103	1,214,103
Interest on late payments to Eskom	None	1,081,740	1,081,740
Penalty interest to various Creditors	None	1,004,800	1,004,800
Project Management - Kings & Associates Settlement	None	1,400,000	1,400,000
<b>Details of fruitless and wasteful expenditure incidents 2011/12</b>	<b>Disciplinary steps taken/criminal proceedings</b>		
Penalty interest payable to INCA	None	1,185,049	1,185,049
Interest on late payments to Eskom	None	1,442,836	1,442,836
Penalty interest to various Creditors	None	602,600	602,600

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 44. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure incidents 2012/13	Disciplinary steps taken/criminal proceedings		
Penalty interest payable to INCA	None	24,603	-
Interest on late payments to Eskom	None	1,850,831	-
Interest paid on overdue accounts - AGSA	None	462,152	-
Penalty interest to various Creditors		96,800	-
Penalty fees paid to Department of Economic Development Environment Conservation & Tourism	None	82,000	-

The 2012 figures have been restated from R9,756,574 to R9,824,926 as an amount of R68,352 in regards to various creditors was not correctly included.

### 45. Irregular expenditure

Opening balance	35,924,382	16,165,506
Add: Irregular Expenditure - current year	35,274,683	19,758,876
	<b>71,199,065</b>	<b>35,924,382</b>

### Analysis of expenditure awaiting condonation per age classification

Current year	35,274,683	19,758,876
Prior years	35,924,382	16,165,506
	<b>71,199,065</b>	<b>35,924,382</b>

### Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Expenditure items identified where the quotation process was not followed	The expenditure was identified during the current financial year and still needs to be investigated.	947,588
Expenditure items identified where the tender process was not followed.	The expenditure was identified during the current financial year and still needs to be investigated.	33,037,468
Rental of equipment payment debit orders still ongoing even though contract has expired	The expenditure was identified during the current financial year and still needs to be investigated.	1,289,627
		<b>35,274,683</b>

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
<b>46. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Current year membership fee	400,000	236,933
Amount paid - current year	(400,000)	(236,933)
<b>Due and payable</b>	<b>-</b>	<b>-</b>
Contributions to organised local government consists of annual subscriptions paid to SALGA.		
<b>Other levies paid</b>		
Skills development levy	305,951	258,085
Motor vehicle license fees collected and paid over to NWPLG	4,475,915	4,317,408
Amount paid - current year	(4,781,866)	(4,575,493)
	<b>-</b>	<b>-</b>
<b>Audit fees</b>		
Opening balance	8,349,144	5,603,679
Current year fee	3,101,086	2,745,465
Amount paid - current year	(2,554,145)	-
	<b>8,896,085</b>	<b>8,349,144</b>
<b>PAYE and UIF</b>		
Current year deductions and contributions	4,138,417	3,584,854
Amount paid - current year	(4,138,417)	(3,584,854)
	<b>-</b>	<b>-</b>
<b>Pension and Medical Aid Deductions</b>		
Current year deductions and contributions	8,692,078	8,308,181
Amount paid - current year	(8,692,078)	(8,308,181)
	<b>-</b>	<b>-</b>
<b>VAT</b>		
Opening balance	4,614,330	966,460
VAT Payable	(554,207)	(371,812)
VAT Paid	554,207	371,812
VAT Receivable	8,765,439	6,930,242
VAT Received	(5,167,205)	(3,282,372)
	<b>8,212,564</b>	<b>4,614,330</b>

VAT receivable shown in note 7.

All VAT returns have been submitted by the due date throughout the year.

# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 46. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2013:

30 June 2013	Outstanding less than 90 days	Outstanding more than 90 days	Total
Links JL	390	33,147	33,537
Matinyane M	357	7,368	7,725
Matinyane MW	354	6,793	7,147
Matome JM	337	138	475
Moabi NS	350	3,143	3,493
Motshabi MT	212	-	212
	<b>2,000</b>	<b>50,589</b>	<b>52,589</b>

  

30 June 2012	Outstanding less than 90 days	Outstanding more than 90 days	Total
Matinyane M	289	5,280	5,569
Matinyane MW	421	4,413	4,834
Matome JM	112	-	112
Moabi NS	284	1,357	1,641
Motshabi MT	1,251	-	1,251
Qankase VW	392	3,914	4,306
	<b>2,749</b>	<b>14,964</b>	<b>17,713</b>

It was impractical to disclose the amounts outstanding for more than 90 days at any given point in time. Information was only available for amounts outstanding for more than 90 days at year end.

#### Distribution Losses

Material bulk water and bulk electricity losses during the year under review were as follows and are not recoverable:

The main reason for incurring water losses relates to burst water pipes, leaks and unmetered water sites.

The main reason for incurring electricity losses relates to heat dissipation when electricity flows through the conductors, illegal connections, meter tampering and incorrect metering.

Water distribution losses	Kilo liter	Cost per kilo liter	Total loss in Rand
Unaccounted water - 2013	10,381,710	0.0700	726,720
Unaccounted water - 2012	11,359,703	0.0644	731,565

  

Electricity distribution losses	KWh	Cost per KWh	Total loss in Rand
Distribution losses - 2013	16,534,745	0.7507	12,412,633
Distribution losses - 2012	17,261,252	0.7206	12,438,458



# Ventersdorp Local Municipality

Annual Financial Statements for the year ended 30 June 2013

## Notes to the Annual Financial Statements

Figures in Rand	2013	Restated 2012
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### 47. Events after the reporting date

No events took place after the reporting date which has an impact on the Annual Financial Statements.

### 48. Services in-kind

#### Assistance from organisations

1) The North West Department of Finance has appointed a professional service provider to institute financial improvement measures that will assist in resolving the financial management issues currently being encountered by the municipalities. The appointment was made in July 2012 and the first phase of his intervention was to ensure that the Annual Financial Statements are submitted within the prescribed timeframe for the 2012 financial year. Subsequent to the completion of Phase I, the Department commenced with Phase II of the initiative, which will be rolled out in the following work streams:

- Work stream 1: Focusing on Fundamental Finance
- Work stream 2: Framework for Operations
- Work stream 3: Towards clean audit
- Work stream 4: Sustainability

Works stream 1 of Phase II has commenced and to date, the North West Department of Finance has paid the professional service providers for Phase I and a portion of Phase II an amount of R2,241,837.

2) The North West Department of Finance has appointed professional consultants to prepare a GRAP 17 compliant asset register for both movable and immovable assets. The project commenced on the 01 March 2013 and was finalised by the 16 August 2013, at a total cost of R5,488,975.

## Appendix A

June 2013

### Schedule of external loans as at 30 June 2013

Loan Number	Redeemable	Balance at 30 June 2012	Received during the period	Redeemed written off during the period	Balance at 30 June 2013	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand		
<b>Development Bank of South Africa</b>							
Interest rate 12.00%	10559/102	2017/09/30	748,291	-	83,547	664,744	-
Interest rate 8.78%	102014/1	2027/06/30	1,699,467	-	-	1,699,467	-
Interest rate 8.78%	102014/2	2027/06/30	241,032	-	-	241,032	-
			<b>2,688,790</b>	<b>-</b>	<b>83,547</b>	<b>2,605,243</b>	<b>-</b>
<b>INCA loan</b>							
Interest rate 10.80%	6871	2026/12/31	10,157,784	-	313,725	9,844,059	-
Interest rate 10.96%	7459	2022/06/30	6,831,624	-	400,112	6,431,512	-
			<b>16,989,408</b>	<b>-</b>	<b>713,837</b>	<b>16,275,571</b>	<b>-</b>
<b>Total external loans</b>							
Development Bank of South Africa			2,688,790	-	83,547	2,605,243	-
INCA loan			16,989,408	-	713,837	16,275,571	-
			<b>19,678,198</b>	<b>-</b>	<b>797,384</b>	<b>18,880,814</b>	<b>-</b>

Ventersdorp Local Municipality  
Appendix A

Schedule of external loans as at 30 June 2013

			Loan Number	Redeemable	Balance at 30 June 2012	Received during the period	Redeemed written off during the period	Balance at 30 June 2013	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
					Rand	Rand	Rand	Rand	Rand	Rand
<b>Development Bank of South Africa</b>										
Interest rate 12.00%	10559/102	30/09/2017			748,291.00	-	83,547.00	664,744.00	-	-
Interest rate 8.78%	102014/1	30/06/2027			1,699,467.00	-	-	1,699,467.00	-	-
Interest rate 8.78%	10214/2	30/06/2027			241,032.00	-	-	241,032.00	-	-
					<b>2,688,790.00</b>	-	<b>83,547.00</b>	<b>2,605,243.00</b>	-	-
<b>INCA</b>										
Interest rate 10.80%	6871	31/12/2026			10,157,784.00	-	313,725.00	9,844,059.00	-	-
Interest rate 10.96%	7459	30/06/2022			6,831,624.00	-	400,112.00	6,431,512.00	-	-
					<b>16,989,408.00</b>	-	<b>713,837.00</b>	<b>16,275,571.00</b>	-	-
<b>Total external loans</b>										
Development Bank of South Africa					2,688,790.00	-	83,547.00	2,605,243.00	-	-
INCA					16,989,408.00	-	713,837.00	16,275,571.00	-	-
					<b>19,678,198.00</b>	-	<b>797,384.00</b>	<b>18,880,814.00</b>	-	-

Ventersdorp Local Municipality  
Appendix B

**Analysis of property, plant and equipment as at 30 June 2013**  
**Cost/Revaluation**                      **Accumulated depreciation**

	Opening Balance	Additions	Work In Progress	Closing Balance	Opening Balance	Depreciation	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Land and buildings</b>								
Land (Separate for AFS pu	2,351,000.00	-	-	2,351,000.00	-	-	-	2,351,000.00
Buildings (Separate for AF	18,160,300.00	-	-	18,160,300.00	-5,773,930.00	-396,461.00	-6,170,391.00	11,989,909.00
	<b>20,511,300.00</b>	<b>-</b>	<b>-</b>	<b>20,511,300.00</b>	<b>-5,773,930.00</b>	<b>-396,461.00</b>	<b>-6,170,391.00</b>	<b>14,340,909.00</b>
<b>Infrastructure</b>								
Electricity Network	185,776,566.00	-	8,270,303.00	194,046,869.00	-78,581,625.00	-9,394,664.00	-87,976,289.00	106,070,580.00
Roads and Stormwater	3,234,538.00	-	34,240,731.00	37,475,269.00	-1,735,279.00	-147,616.00	-1,882,895.00	35,592,374.00
Sanitation Network	79,111,993.00	-	1,377,406.00	80,489,399.00	-36,386,204.00	-1,507,886.00	-37,894,090.00	42,595,309.00
Water Supply Network	103,464,760.00	-	14,680,593.00	118,145,353.00	-50,101,869.00	-6,648,343.00	-56,750,212.00	61,395,141.00
	<b>371,587,857.00</b>	<b>-</b>	<b>58,569,033.00</b>	<b>430,156,890.00</b>	<b>-166,804,977.00</b>	<b>-17,698,509.00</b>	<b>-184,503,486.00</b>	<b>245,653,404.00</b>
<b>Other assets</b>								
Computer Equipment	1,328,742.00	436,800.00	-	1,765,542.00	-683,420.00	-347,751.00	-1,031,171.00	734,371.00
Furniture & Fittings	2,030,822.00	253,796.00	-	2,284,618.00	-861,399.00	-380,890.00	-1,242,289.00	1,042,329.00
Motor vehicles	10,783,728.00	1,127,933.00	-	11,911,661.00	-3,406,260.00	-1,197,741.00	-4,604,001.00	7,307,660.00
Office Equipment	707,153.00	160,940.00	-	868,093.00	-364,414.00	-171,840.00	-536,254.00	331,839.00
Kitchen Appliances	35,315.00	15,031.00	-	50,346.00	-19,793.00	-4,947.00	-24,740.00	25,606.00
	<b>14,885,760.00</b>	<b>1,994,500.00</b>	<b>-</b>	<b>16,880,260.00</b>	<b>-5,335,286.00</b>	<b>-2,103,169.00</b>	<b>-7,438,455.00</b>	<b>9,441,805.00</b>

Ventersdorp Local Municipality  
Appendix B

**Analysis of property, plant and equipment as at 30 June 2013**  
**Cost/Revaluation**                      **Accumulated depreciation**

	Opening Balance	Additions	Work In Progress	Closing Balance	Opening Balance	Depreciation	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Total property plant and equipment</b>								
Land and buildings	20,511,300.00	-	-	20,511,300.00	-5,773,930.00	-396,461.00	-6,170,391.00	14,340,909.00
Infrastructure	371,587,857.00	-	58,569,033.00	430,156,890.00	-166,804,977.00	-17,698,509.00	-184,503,486.00	245,653,404.00
Other assets	14,885,760.00	1,994,500.00	-	16,880,260.00	-5,335,286.00	-2,103,169.00	-7,438,455.00	9,441,805.00
	<b>406,984,917.00</b>	<b>1,994,500.00</b>	<b>58,569,033.00</b>	<b>467,548,450.00</b>	<b>-177,914,193.00</b>	<b>-20,198,139.00</b>	<b>-198,112,332.00</b>	<b>269,436,118.00</b>
<b>Investment properties</b>								
Investment property	15,445,866.00	-	-	15,445,866.00	-	-	-	15,445,866.00
	<b>15,445,866.00</b>	<b>-</b>	<b>-</b>	<b>15,445,866.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,445,866.00</b>
<b>Total</b>								
Land and buildings	20,511,300.00	-	-	20,511,300.00	-5,773,930.00	-396,461.00	-6,170,391.00	14,340,909.00
Infrastructure	371,587,857.00	-	58,569,033.00	430,156,890.00	-166,804,977.00	-17,698,509.00	-184,503,486.00	245,653,404.00
Other assets	14,885,760.00	1,994,500.00	-	16,880,260.00	-5,335,286.00	-2,103,169.00	-7,438,455.00	9,441,805.00
Investment properties	15,445,866.00	-	-	15,445,866.00	-	-	-	15,445,866.00
	<b>422,430,783.00</b>	<b>1,994,500.00</b>	<b>58,569,033.00</b>	<b>482,994,316.00</b>	<b>-177,914,193.00</b>	<b>-20,198,139.00</b>	<b>-198,112,332.00</b>	<b>284,881,984.00</b>

Ventersdorp Local Municipality  
Appendix C

**Segmental analysis of property, plant and equipment as at 30 June 2013**  
**Cost/Revaluation** **Accumulated Depreciation**

	Opening Balance	Additions	Work In Progress	Closing Balance	Opening Balance	Depreciation	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Municipality</b>								
Executive & Council/Mayor and Council	768,898.00	156,347.00	-	925,245.00	-147,687.00	-104,933.00	-252,620.00	672,625.00
Finance & Admin/Finance	6,448,202.00	471,300.00	-	6,919,502.00	-3,126,121.00	-973,037.00	-4,099,158.00	2,820,344.00
Planning and Development/Economic Development/Plan	70,579.00	12,214.00	-	82,793.00	-32,207.00	-18,516.00	-50,723.00	32,070.00
Comm. & Social/Libraries and archives	21,091,808.00	257,175.00	-	21,348,983.00	-6,061,254.00	-536,793.00	-6,598,047.00	14,750,936.00
Housing	23,821.00	3,778.00	-	27,599.00	-9,529.00	-5,964.00	-15,493.00	12,106.00
Public Safety/Police	398,191.00	25,633.00	-	423,824.00	-146,676.00	-52,414.00	-199,090.00	224,734.00
Electricity /Electricity Distribution	133,096.00	18,859.00	-	151,955.00	-71,940.00	-26,267.00	-98,207.00	53,748.00
Public Works	378,050,320.00	1,049,195.00	58,569,033.00	437,668,548.00	-168,318,780.00	-18,480,214.00	-186,798,994.00	250,869,554.00
	<b>406,984,915.00</b>	<b>1,994,501.00</b>	<b>58,569,033.00</b>	<b>467,548,449.00</b>	<b>-177,914,194.00</b>	<b>-20,198,138.00</b>	<b>-198,112,332.00</b>	<b>269,436,117.00</b>
<b>Total</b>								
Municipality	406,984,915.00	1,994,501.00	58,569,033.00	467,548,449.00	-177,914,194.00	-20,198,138.00	-198,112,332.00	269,436,117.00
	<b>406,984,915.00</b>	<b>1,994,501.00</b>	<b>58,569,033.00</b>	<b>467,548,449.00</b>	<b>-177,914,194.00</b>	<b>-20,198,138.00</b>	<b>-198,112,332.00</b>	<b>269,436,117.00</b>

**Ventersdorp Local Municipality**  
**Appendix D**

**Segmental Statement of Financial Performance for the year ended 30 June 2013**

Prior Year			Current Year			
Actual Income	Actual Expenditure	Surplus /(Deficit)		Actual Income	Actual Expenditure	Surplus /(Deficit)
Rand	Rand	Rand		Rand	Rand	Rand
Municipality						
14,073,492	20,939,535	-6,866,043	Executive & Council/Mayor and Council	6,510,142	11,652,117	-5,141,975
42,259,722	25,820,546	16,439,176	Finance & Admin/Finance	47,763,854	32,931,064	14,832,790
-	-	-	Planning and Development/Economic Development/Plan	-	1,217,000	-1,217,000
-	-	-	Health/Clinics	-	-	-
-	2,482,286	-2,482,286	Comm. & Social/Libraries and archives	345,342	4,090,828	-3,745,486
-	-	-	Housing	-	-	-
6,366,874	5,709,300	657,574	Public Safety/Police	5,615,370	5,765,895	-150,525
1,324,450	1,324,450	-	Sport and Recreation	-	-	-
	-	-	Environmental Protection/Pollution Control	2,598,940	1,209,543	1,389,397
4,925,467	4,079,942	845,525	Waste Water Management/Sewerage	5,326,260.17	2,382,011.13	2,944,249
-	63,766	-63,766	Road Transport/Roads	23,334,709.64	9,181,659.38	14,153,050
5,255,318	3,454,575	1,800,743	Water/Water Distribution	3,524,791	3,504,960	19,831
35,769,499	34,100,311	1,669,188	Electricity /Electricity Distribution	45,776,979	41,567,608	4,209,371
-	-	-	Corporate Services	249,037	9,868,334	-9,619,297
109,974,822	97,974,711	12,000,111		141,045,425	123,371,019	17,674,406

**Ventersdorp Local Municipality**  
**Appendix E(1)**

**Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2013**

	Current year 2013	Current year 2013	Variance		Explanation of Significant Variances greater than 10% versus Budget
	Act. Bal.	Adjusted budget		Var	
	Rand	Rand	Rand		
<b>Revenue</b>					
Service charges	41,357,157	40,406,339	950,818	2%	
Rental of facilities and equipment	64,580	30,000	34,580	115%	
Fines	3,176,973	4,500,500	-1,323,527	-29%	
Licences asnd permits	2,440,287	1,350,000	1,090,287	81%	
Property Rates	5,621,153	1,350,000	4,271,153	316%	
Government grants & subsidies	86,722,454	1,350,000	85,372,454	6324%	
Other income	901,460	446,500	454,960	102%	
Interest received - investment	738,945	290,000	448,945	100%	
	141,023,009	49,723,339	91,299,670	184%	
<b>Expenses</b>					
Personnel	-31,609,035	-34,387,907	2,778,872	-8%	
Remuneration of councillors	-2,734,666	-3,079,480	344,814	-11%	
Administration	-1,638,897	-373,000	-1,265,897	339%	
Depreciation	-20,198,139	-2,600,000	-17,598,139.00	677%	
Debt Impairment	2,442,586.00	-4,500,000	6,942,586	-154%	
Finance costs	-3,807,575	-180,000	-3,627,575	2015%	
Repairs and maintenance	-4,249,964	-5,746,500	1,496,536	-26%	
Bulk purchases	-34,046,399	-25,000,000	-9,046,399	36%	
Contracted Services	-3,982,286	-6,030,000	2,047,714	-34%	
General Expenses	-23,546,644	-17,372,350	-6,174,294	36%	
	-123,371,019	-99,269,237	-24,101,782	24%	
<b>Other revenue and costs</b>					
Gain or loss on disposal of assets and liabilities	-	-	-	-	
Fair value adjustments	22,416.00	-	22,416	-	
Net surplus/ (deficit) for the year	17,674,406	-49,545,898	67,220,304	-136%	



**Ventersdorp Local Municipality**  
**Appendix E(2)**

**Budget Analysis of Capital Expenditure as at 30 June 2013**

	Additions	Revised Budget	Variance	Variance	Explanation of significant variances from budget
	Rand	Rand	Rand	%	
<b>Municipality</b>					
Executive & Council/Mayor and Council	156,347.00	1,372,102.00	1,215,755.00	<b>0.89</b>	
Finance & Admin/Finance	471,300.00	-	-471,300.00	<b>-100.00</b>	
Planning and Development/Economic Development/Plan	12,214.00	-	-12,214.00	<b>-100.00</b>	
Health/Clinics	-	-	-	<b>-100.00</b>	
Comm. & Social/Libraries and archives	257,175.00	-	-257,175.00	<b>-100.00</b>	
Housing	3,778.00	-	-3,778.00	<b>-100.00</b>	
Public Safety/Police	25,633.00	-	-25,633.00	<b>-100.00</b>	
Sport and Recreation	-	-	-	-	
Environmental Protection/Pollution Control	-	-	-	-	
Waste Water Management/Sewerage	-	-	-	-	
Road Transport/Roads	51,245,939.44	35,897,295.00	-15,348,644.44	<b>-0.43</b>	
Water/Water Distribution	1,735,409.02	18,200,000.00	16,464,590.98	<b>0.90</b>	
Electricity /Electricity Distribution	6,655,738.54	13,450,000.00	6,794,261.46	<b>0.51</b>	
Other/Air Transport	-	-	-	-	
	<b>60,563,534.00</b>	<b>68,919,397.00</b>	<b>8,355,863.00</b>	<b>-598.13</b>	

## Ventersdorp Local Municipality

### Appendix F

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed / withheld	Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non compliance
		Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun				
		-	-	-	-	-	-	-	-	-			
Equitable share	National Government	19,112,000.00	14,816,000.00	11,941,000.00	-	19,112,000	14,816,000	11,941,000	-	-		Yes	N/a
Municipal Infrastructure Grant	National Treasury	8,757,150.00	11,859,000.00	2,485,000.00	-	1,598,057	5,120,222	4,586,668	8,634,344	-		Yes	N/a
Project Management Unit	National Treasury	1,215,850.00	-	-	-	147,174	125,659	94,590	373,521	-		Yes	N/a
PIG	Provincial Government	-	-	-	-	-	-	-	1,377,406	-		Yes	N/a
Integrated National Electrification Progra	National Government	3,000,000.00	3,000,000.00	700,000.00	-	354,968	962,368	534,403	5,641,286	-		Yes	N/a
Expanded Public Works Program	Provincial Government	400,000.00	300,000.00	300,000.00	-	-	-	-	1,143,215	-		Yes	N/a
Minicipal Systems Improvement Grant	National Treasury	-	800,000.00	-	-	73,630	84,905	71,882	111,336	-		Yes	N/a
Cleaning Campaign	Provincial Government	-	-	-	-	-	32,000	22,910	-	-		Yes	N/a
Finanace Management Grant	National Treasury	1,500,000.00	-	-	-	220,462	175,853	234,663	869,022	-		Yes	N/a
Library Grant	Provincial Government	-	-	-	320,000.00	20,114	11,414	41,767	90,076	-		Yes	N/a
Department of Water Affairs	DWAF	-	600,960.00	-	-	-	600,960	-	-	-		Yes	N/a
		33,985,000.00	31,375,960.00	15,426,000.00	320,000.00	21,526,405.46	21,929,381.33	17,527,882.59	18,240,206.74	-			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

Ventersdorp Local Municipality  
Appendix G1  
Budgeted Financial Performance (revenue and expenditure by standard classification)  
for the year ended 30 June 2013

2013/2012

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue - Standard</b>											
<b>Governance and administration</b>											
Executive and council	5,377,000.00	141,000.00	5,518,000.00	-	-	5,518,000.00	6,510,142	-	992,142.48	118%	121%
Budget and treasury office	48,024,000.00	75,000.00	48,099,000.00	-	-	48,099,000.00	47,763,854	-	-335,146.39	99%	99%
Corporate services	50,000.00	55,000.00	105,000.00	-	-	105,000.00	249,037	-	144,036.63	237%	498%
<b>Community and public safety</b>											
Community and social services	404,000.00	21,000.00	425,000.00	-	-	425,000.00	345,342	-	-79,657.53	81%	85%
Public safety	8,300,000.00	-2,450,000.00	5,850,000.00	-	-	5,850,000.00	5,615,370	-	-234,630.04	96%	68%
<b>Economic and environmental services</b>											
Road transport	25,317,000.00	-23,101,150.00	2,215,850.00	-	-	2,215,850.00	23,334,710	-	21,118,859.64	1053%	92%
<b>Trading services</b>											
Electricity	48,230,000.00	-12,758,000.00	35,472,000.00	-	-	35,472,000.00	45,776,979	-	10,304,979.06	129%	95%
Water	14,677,816.00	-11,513,327.00	3,164,489.00	-	-	3,164,489.00	3,524,791	-	360,302.11	111%	24%
Waste water management	6,758,547.00	-4,247,547.00	2,511,000.00	-	-	2,511,000.00	5,326,260	-	2,815,260.17	212%	79%
Refuse	2,100,000.00	-	2,100,000.00	-	-	2,100,000.00	-	-	-2,100,000.00	0%	0%
<b>Total Revenue - Standard</b>	<b>159,238,363</b>	<b>-53,778,024.00</b>	<b>105,460,339.00</b>	<b>-</b>	<b>-</b>	<b>105,460,339.00</b>	<b>141,045,425</b>	<b>-</b>	<b>35,585,086.00</b>	<b>134%</b>	<b>89%</b>

**Expenditure - Standard**
**Governance and administration**

Executive and council	11,652,117.00	-1,267,300.00	10,384,817.00	-	-	10,384,817.00	11,652,117	-	1,267,300.00	112%	100%
Budget and treasury office	29,669,200	-5,976,850.00	23,692,350.00	-	-	23,692,350.00	32,931,064	-	9,238,713.81	139%	111%
Corporate services	7,788,600.00	-230,000.00	7,558,600.00	-	-	7,558,600.00	9,868,334	-	2,309,733.69	131%	127%

**Community and public safety**

Community and social services	6,614,500.00	-	6,614,500.00	-	-	6,614,500.00	4,090,828	-	-2,523,671.76	62%	62%
Sport and recreation	-	-	-	-	-	-	-	-	-	0%	0%
Public safety	6,173,300.00	-1,316,500.00	4,856,800.00	-	-	4,856,800.00	5,765,895	-	909,095.00	119%	93%
Housing	-	-	-	-	-	-	-	-	-	0%	0%
Health	-	-	-	-	-	-	-	-	-	0%	0%

**Economic and environmental services**

Planning and development	3,650,470.00	-110,100.00	3,540,370.00	-	-	3,540,370.00	1,217,000	-	-2,323,369.97	34%	33%
Road transport	10,706,450	-2,672,000.00	8,034,450.00	-	-	8,034,450.00	9,181,659	-	1,147,209.38	114%	86%
Environmental protection	-	-	-	-	-	-	1,209,543	-	1,209,543.13	0%	0%

**Trading services**

Electricity	30,631,300.00	175,500.00	30,806,800.00	-	-	30,806,800.00	41,567,608	-	10,760,807.72	135%	136%
Water	3,960,100.00	-414,000.00	3,546,100.00	-	-	3,546,100.00	3,504,960	-	-41,140.13	99%	89%
Waste water management	3,263,000.00	-551,000.00	2,712,000.00	-	-	2,712,000.00	2,382,011	-	-329,988.87	88%	73%
Waste management	1,035,600.00	90,000.00	1,125,600.00	-	-	1,125,600.00	-	-	-1,125,600.00	0%	0%

**Other**

Other	-	-	-	-	-	-	-	-	-	0%	0%
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<b>Total Expenditure - Standard</b>	<b>115,144,637</b>	<b>-12,272,250.00</b>	<b>102,872,387.00</b>	<b>-</b>	<b>-</b>	<b>102,872,387.00</b>	<b>123,371,019</b>	<b>-</b>	<b>20,498,632.00</b>	<b>120%</b>	<b>107%</b>
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<b>Surplus/(Deficit) for the year</b>	<b>44,093,726</b>	<b>-41,505,774.00</b>	<b>2,587,952.00</b>	<b>-</b>	<b>-</b>	<b>2,587,952.00</b>	<b>17,674,406</b>	<b>-</b>	<b>15,086,454.00</b>	<b>683%</b>	<b>40%</b>
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**Ventersdorp Local Municipality**  
**Appendix G2**  
**Budgeted Financial Performance (revenue and expenditure by municipal vote)**  
**for the year ended 30 June 2013**

**2013/2012**

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue by Vote</b>											
Council General - Vote 1	5,377,000.00	141,000.00	5,518,000	-	-	5,518,000	6,510,142	-	992,142	118%	121%
Corporate Support Services - Vote 5	50,000.00	55,000.00	105,000	-	-	105,000	249,037	-	144,037	237%	498%
Finance - Vote 6	48,024,000.00	75,000.00	48,099,000	-	-	48,099,000	48,352,478	-	253,478	101%	101%
Community Services - Vote 8	404,000	21,000.00	425,000	-	-	425,000	372,966	-	-52,034	88%	92%
Public Safety and Transport - Vote 9	33,617,000.00	-25,551,150.00	8,065,850	-	-	8,065,850	28,947,658	-	20,881,808	359%	86%
Engineering Services - Vote 11	8,858,547.00	-4,247,547.00	4,611,000	-	-	4,611,000	7,925,200	-	3,314,200	172%	89%
Water - Vote 12	14,677,816.00	-11,513,327.00	3,164,489	-	-	3,164,489	3,524,791	-	360,302	111%	24%
Electricity - Vote 13	48,230,000.00	-12,758,000.00	35,472,000	-	-	35,472,000	46,014,420	-	10,542,420	130%	95%
<b>Total Revenue by Vote</b>	<b>159,238,363</b>	<b>-53,778,024.00</b>	<b>105,460,339</b>	<b>-</b>	<b>-</b>	<b>105,460,339</b>	<b>141,896,692</b>	<b>-</b>	<b>36,436,353</b>	<b>135%</b>	<b>89%</b>
<b>Expenditure by Vote to be appropriated</b>											
Council General - Vote 1	6,359,480.00	-1,189,000.00	5,170,480	-	-	5,170,480	6,948,666	-	-1,778,186	134%	109%
Office of the Executive Mayor - Vote 2	2,678,999.00	-70,000.00	2,608,999	-	-	2,608,999	2,180,230	-	428,769	84%	81%
of the Municipal Manager - Vote 4	2,613,638.00	-8,300.00	2,605,338	-	-	2,605,338	2,588,379	-	16,959	99%	99%
Corporate Support Services - Vote 5	7,788,600.00	-230,000.00	7,558,600	-	-	7,558,600	9,788,609	-	-2,230,009	130%	126%
Finance - Vote 6	29,669,200.00	-5,976,850.00	23,692,350	-	-	23,692,350	33,347,197	-	-9,654,847	141%	112%
Community Services - Vote 8	5,614,500.00	-17,500.00	5,597,000	-	-	5,597,000	4,091,620	-	1,505,380	73%	73%
Public Safety and Transport - Vote 9	17,879,750.00	-3,971,000.00	13,908,750	-	-	13,908,750	14,951,700	-	-1,042,950	107%	84%
Economic Development - Vote 10	3,650,470.00	-110,100.00	3,540,370	-	-	3,540,370	1,217,000	-	2,323,370	34%	33%
Engineering Services - Vote 11	4,298,600.00	-461,000.00	3,837,600	-	-	3,837,600	4,000,856	-	-163,256	104%	93%
Water - Vote 12	3,960,100.00	-414,000.00	3,546,100	-	-	3,546,100	3,536,928	-	9,172	100%	89%
Electricity - Vote 13	30,631,300.00	175,500.00	30,806,800	-	-	30,806,800	41,571,099	-	-10,764,299	135%	136%
<b>Total Expenditure by Vote</b>	<b>115,144,637</b>	<b>-12,272,250.00</b>	<b>102,872,387</b>	<b>-</b>	<b>-</b>	<b>102,872,387</b>	<b>124,222,285</b>	<b>-</b>	<b>-21,349,898</b>	<b>121%</b>	<b>108%</b>
<b>Surplus/(Deficit) for the year</b>	<b>44,093,726</b>	<b>-41,505,774.00</b>	<b>2,587,952</b>	<b>-</b>	<b>-</b>	<b>2,587,952</b>	<b>17,674,408</b>	<b>-</b>	<b>57,786,251</b>	<b>14%</b>	<b>-19%</b>

**Ventersdorp Local Municipality**  
**Appendix G3**  
**Budgeted Financial Performance (revenue and expenditure)**  
**for the year ended 30 June 2013**

**2013/2012**

	Original Budget	Budget Adjustments (I.L.O. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (I.L.O. s31 of the MFMA)	Virement (I.L.O. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue By Source</b>											
Property rates	4,800,000	120,000	4,920,000	-	-	4,920,000	5,621,153	-	-701,153	114%	117%
Service charges - other	39,424,489	981,850	40,406,339	-	-	40,406,339	41,357,157	-	-950,818	102%	105%
Rental of facilities and equipment	30,000	-	30,000	-	-	30,000	64,580	-	-34,580	215%	215%
Interest earned - external investments	190,000	100,000	290,000	-	-	290,000	738,945	-	-448,945	255%	389%
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	0%	0%
Government grants and subsidies	50,704,850	-1,000	50,703,850	-	-	50,703,850	86,722,454	-	-36,018,604	171%	171%
Fines	6,500,500	-2,000,000	4,500,500	-	-	4,500,500	3,176,973	-	1,323,527	71%	49%
Licences and permits	1,800,000	-450,000	1,350,000	-	-	1,350,000	2,440,287	-	-1,090,287	181%	136%
Agency services	-	-	-	-	-	-	-	-	-	0%	0%
Transfers recognised - operational	-	-	-	-	-	-	-	-	-	0%	0%
Other revenue	431,500	15,000	446,500	-	-	446,500	901,460	-	-454,960	202%	209%
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	0%	0%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>103,881,339</b>	<b>-1,234,150</b>	<b>102,647,189</b>	<b>-</b>	<b>-</b>	<b>102,647,189</b>	<b>141,023,009</b>	<b>-</b>	<b>-38,375,820</b>	<b>137%</b>	<b>136%</b>
<b>Expenditure By Type</b>											
Employee related costs	38,048,307	-3,660,400	34,387,907	-	-	34,387,907	-31,609,035	-	2,778,872	-92%	-83%
Remuneration of councillors	3,079,480	-	3,079,480	-	-	3,079,480	-2,734,666	-	344,814	-89%	-89%
Debt impairment	5,500,000	-1,000,000	4,500,000	-	-	4,500,000	2,442,586	-	6,942,586	54%	44%
Depreciation & asset impairment	3,600,000	-1,000,000	2,600,000	-	-	2,600,000	-20,198,139	-	-17,598,139	-777%	-561%
Finance charges	2,015,000	-1,835,000	180,000	-	-	180,000	-3,807,575	-	-3,627,575	-2115%	-189%
Bulk purchases	24,000,000	1,000,000	25,000,000	-	-	25,000,000	-34,046,399	-	-9,046,399	-136%	-142%
Repairs and maintenance	6,325,000	-578,500	5,746,500	-	-	5,746,500	-4,249,964	-	1,496,536	-74%	-67%
Contracted services	7,830,000	-1,800,000	6,030,000	-	-	6,030,000	-3,982,286	-	2,047,714	-66%	-51%
Administration	373,000	-	373,000	-	-	373,000	-1,638,897	-	-1,265,897	-439%	-439%
General expenditure	19,883,850	-2,511,500	17,372,350	-	-	17,372,350	-23,546,644	-	-6,174,294	-136%	-118%
<b>Total Expenditure</b>	<b>110,654,637</b>	<b>-11,385,400</b>	<b>99,269,237</b>	<b>-</b>	<b>-</b>	<b>99,269,237</b>	<b>-123,371,019</b>	<b>-</b>	<b>-24,101,782</b>	<b>-124%</b>	<b>-111%</b>
<b>Surplus/(Deficit)</b>	<b>-6,773,298</b>	<b>10,151,250</b>	<b>3,377,952</b>	<b>-</b>	<b>-</b>	<b>3,377,952</b>	<b>17,651,990</b>	<b>-</b>	<b>-62,477,602</b>	<b>262%</b>	<b>247%</b>
Fair value adjustment	-	-	-	-	-	-	22,416	-	-22,416	100%	100%
<b>Surplus/(Deficit) for the year</b>	<b>-6,773,298</b>	<b>10,151,250</b>	<b>3,377,952</b>	<b>-</b>	<b>-</b>	<b>3,377,952</b>	<b>17,674,406</b>	<b>-</b>	<b>-62,500,018</b>	<b>162%</b>	<b>147%</b>

**Ventersdorp Local Municipality**  
**Appendix G4**  
**Budgeted Capital Expenditure by vote, standard classification and funding**  
**for the year ended 30 June 2013**

**2013/2012**

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>											
Executive and council	-	1,372,102.00	1,372,102.00	-	-	1,372,102.00	145,202.69	-	-1,226,899.31	11%	100%
<b>Economic and environmental services</b>											
Road transport	18,355,999.00	17,541,296.00	35,897,295.00	-	-	35,897,295.00	31,250,126.69	-	-4,647,168.31	87%	170%
<b>Trading services</b>											
Electricity	12,700,000.00	750,000.00	13,450,000.00	-	-	13,450,000.00	6,636,879.54	-	-6,813,120.46	49%	52%
Water	11,516,327.00	2,483,673.00	14,000,000.00	-	-	14,000,000.00	527,158.02	-	-13,472,841.98	4%	5%
Waste water management	4,339,547.00	-139,547.00	4,200,000.00	-	-	4,200,000.00	1,208,251.00	-	-2,991,749.00	29%	28%
<b>Total Capital Expenditure - Standard</b>	<b>46,911,873.00</b>	<b>22,007,524.00</b>	<b>68,919,397.00</b>	<b>-</b>	<b>-</b>	<b>68,919,397.00</b>	<b>39,767,617.94</b>	<b>-</b>	<b>-29,151,779.06</b>	<b>58%</b>	<b>85%</b>
<b>Funded by:</b>											
National Government	31,055,999.00	18,291,296.00	49,347,295.00	-	-	49,347,295.00	37,887,006.23	-	-11,460,288.77	77%	122%
Provincial Government	15,855,874.00	2,344,126.00	18,200,000.00	-	-	18,200,000.00	1,735,409.02	-	-16,464,590.98	10%	11%
	46,911,873.00	20,635,422.00	67,547,295.00	-	-	67,547,295.00	39,622,415.25	-	-27,924,879.75	59%	84%
<b>Transfers recognised - capital</b>											
Internally generated funds	-	1,372,102.00	1,372,102.00	-	-	1,372,102.00	145,202.69	-	-1,226,899.31	11%	0%
<b>Total Capital Funding</b>	<b>46,911,873.00</b>	<b>22,007,524.00</b>	<b>68,919,397.00</b>	<b>-</b>	<b>-</b>	<b>68,919,397.00</b>	<b>39,767,617.94</b>	<b>-</b>	<b>-29,151,779.06</b>	<b>58%</b>	<b>85%</b>

**Ventersdorp Local Municipality**  
**Appendix G5**  
**Budgeted Cash Flows**  
**for the year ended 30 June 2013**

**2013/2012**

**2012**

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Cash flow from operating activities</b>									
<b>Receipts</b>									
Ratepayers and other	-	-	-	-	33,259,814	33,259,814	100.00%	100.00%	36,829,580
Government	-	-	-	-	86,722,454	86,722,454	100.00%	100.00%	61,364,478
Interest	-	-	-	-	738,945	738,945	100.00%	100.00%	311,748
Dividends	-	-	-	-	-	-	-	-	-
<b>Payments</b>									
Suppliers and employees	-	-	-	-	-60,428,274	-60,428,274	100.00%	100.00%	-58,956,272
Finance charges	-	-	-	-	-3,807,575	-3,807,575	100.00%	100.00%	-4,181,468
<b>Net cash flow from/used operating activities</b>	-	-	-	-	56,485,364	56,485,364	100.00%	100.00%	35,368,066
<b>Cash flow from investing activities</b>									
<b>Receipts</b>									
Proceeds from sale of financial assets	-	-	-	-	-	868	100.00%	100.00%	-
<b>Payments</b>									
Capital assets	-	-	-	-	-	-60,563,518	100.00%	100.00%	-20,802,092
<b>Net cash flow from/used investing activities</b>	-	-	-	-	-	-60,562,650	100.00%	100.00%	-20,802,092
<b>Cash flow from financing activities</b>									
<b>Receipts</b>									
Finance lease payments	-	-	-	-	-	-	100.00%	100.00%	-1,166,344
Borrowing long term/refinancing	-	-	-	-	-	-797,388	100.00%	100.00%	-767,121
<b>Payments</b>									
Repayment of borrowing	-	-	-	-	-	-	-	-	-
<b>Net cash flow from/used financing activities</b>	-	-	-	-	-	-797,388	100.00%	100.00%	-1,933,465
<b>Net increase/(decrease) in cash held</b>	-	-	-	-	-	-4,874,674	100.00%	100.00%	12,632,509
Cash/cash equivalents at the year begin:	-	-	-	-	-	15,585,478	100.00%	100.00%	2,952,969
<b>Cash/cash equivalents at the year end:</b>	-	-	-	-	-	10,710,804	100.00%	100.00%	15,585,478